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Taking the international route: Investigating the impact of socioemotional wealth dimensions on family firm performance via internationalisation

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ABSTRACT

Objective: The aim of the article is to analyse the mediating effect of internationalisation between socioemotional wealth (SEW) dimensions and family firm performance.

Research Design & Methods: The study is quantitative and uses a survey method. A sample of 303 family firms was surveyed from four cities in Pakistan. The partial least squares structural equation modeling (PLS-SEM) was used to assess the relationship between the SEW dimensions and firm performance with internationalisation as the mediating variable.

Findings: The findings revealed that internationalisation has a partial mediation with four dimensions of SEW and firm performance. Moreover, the authors propose that the dimensions of SEW in themselves are not negative or positive, but rather their effect becomes such when interacting with certain variables.

Implications & Recommendations: The study guided family firm owner-managers to leverage the positive effect of some dimensions of SEW while resolving the negative impact of other dimensions for firm's growth and success.

Contribution & Value Added: The study used the individual dimensions of socioemotional wealth from the FIBER scale in contrast to single proxies and higher-order composite SEW construct to analyse the impact of each dimension on firm performance via the mediating effect of internationalisation.

Article type: research article

Keywords: socioemotional wealth; SEW; FIBER; family business; family dynamics; firm performance

JEL codes: L21, L25, L26

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INTRODUCTION

Internationalisation strategies provide an important means of expansion for family firms (Yang *et al*., 2020). Past studies showed that firms which internationalise tend to display superior performance (van Essen *et al*., 2015). However, literature documents a cautious attitude of family firms towards internationalisation strategies (Gomez-Mejia *et al*., 2010; Xu *et al*., 2020) which may account for their lower performance in comparison to non-family firms. Such a risk-averse attitude of family firms falls into place when viewed under the lens of socioemotional wealth theory. The socioemotional wealth (SEW) theory implies that family firms aim for noneconomic goals rather than economic goals (Gomez-Mejia *et al*., 2007). Thus, SEW instills a cautious attitude in family firms' behaviour that limits their strategic choices which in turn, impacts their performance (Muñoz-Bullon *et al*., 2018; Naldi *et al*., 2013). However, several scholars posit that SEW does not affect firm performance directly; rather, the relationship is more defined by some mediating variable (Hernández-Perlines *et al.*, 2019; Kosmidou, 2018; Razzak & Jassem, 2019). We argue that the link between SEW and firm performance is mediated by the firm's internationalisation strategies. The theoretical link

is logical: when firms internationalise, they tend to perform better (Arregle *et al*., 2021; Claver *et al.*, 2009; Scholes *et al*., 2016).

Furthermore, since many studies emphasized the collective behaviour of SEW, there is a need to garner a more nuanced understanding of how the individual dimensions of SEW interact with these variables to explain the inconsistent results better. We argue that the individual dimensions of SEW interact with internationalisation strategies in a different context to have diverse effects on the overall firm performance. So far, literature has explored the SEW dimension as a composite higher-order construct or has taken indirect proxies to measure SEW. Both of these approaches, however, come with their drawbacks. For example, scholars (Chua *et al*., 2015; Hauck *et al*., 2016) warn against using a holistic approach as it ignores the interrelation or the conflicts existing between the dimensions. Gast *et al*. (2018) also advise against taking SEW as higher-order construct but rather to consider the effect of each of its dimension on a strategic factor. Similarly, indirect proxies are criticized for their oversimplified approach (Hernández-Linares & López-Fernández, 2018; Nordqvist *et al*., 2015). As a result, our study fills this gap by treating each SEW dimension as an independent variable. Consequently, we have borrowed the dimensions from the FIBER scale operationalized by Berrone *et al*. (2012) to measure SEW construct directly. FIBER is an acronym for each of the dimensions of SEW and stands for: F) family control and influence; I) identification of the family with the firm; B) binding social ties; E) emotional attachment of family members with the firm, and R) renewal of family bonds through dynastic succession.

Additionally, our study contributes to the literature by enhancing our understanding of family businesses from the Asian perspective. Most of the studies on SEW come from the West (Ng *et al*., 2019), where a majority of Western countries lean more on the individualist side of the Hofstede's cultural dimensions, while Pakistan is primarily a collectivist society (Hofstede, 1991) and thus, faces a different cultural, socio-demographic, and political arena than the West. The Pakistani context is also sought, because the literature on firm performance, for example, highlights that family firms in individualistic societies perform better than those in collectivist cultures, and collectivist societies tend to give more preferences to family priorities than those in individualistic societies (Wagner *et al*., 2015). Since Pakistan is home to more than 80% of family firms (Afghan, 2011) and as a country is still young (established in 1947), most family businesses are in their second generations or have recently entered their third generation. Thus, it is a prime time for family firms as studies worldwide indicate a downfall for family firms after their third generation (Basco *et al*., 2018; Ward, 2011). Against this backdrop, our study tries to answer the following research question:

RQ: How does internationalisation mediate between the SEW dimensions and firm performance in the Pakistani context?

The study is organized into the following sections: the literature review will detail an overview of the past studies conducted so far on the given topic, followed by a theoretical background on the conceptual model. Next, the research methodology will be elaborated, followed by the results and the discussion in the light of literature. Finally, the conclusion section will summarize the study, expounding on the limitations, implications, and future directions.

LITERATURE REVIEW AND HYPOTHESES DEVELOPMENT

Effect of SEW on Internationalisation

Internationalisation strategy is one of the key strategic decisions and usually a turning point for organizations (Yang *et al*., 2020). Research on internationalisation in family firms, however, presents mixed findings. One viewpoint suggests that family firms favour internationalisation since the move locks the future growth for succeeding generations (Zahra, 2003). On the other hand, according to the SEW logic, family firms would not like to go international as it usually requires external funding or a professional expertise outside the family (Basly, 2016; Yang *et al*., 2020; Zellweger *et al*., 2012). These acts threaten SEW as they require giving up some of the family control to enact the internationalisation strategy.

In response to the call of Gast *et al*. (2018), who suggests that SEW should not be treated as a higher-order construct; the given conceptual framework (Figure 1) treats the SEW dimensions as antecedents for internationalisation and, in turn, firm performance. The underlying assumption was that the different dimensions of SEW had different effects on internationalisation strategies of family firms, as also observed for other strategic choices (Kellermanns *et al*., 2012; Kosmidou, 2018). The influence of SEW dimensions on the endogenous variables will be now explained in detail.

Family control and influence (F) and internationalisation

A family possesses a great desire to exert a significant influence over the management of the firm. The desire for rigid control can make them to resist internationalizing strategies as they may require hiring external professionals (Yang *et al*., 2020) due to lack of expertise available in-house (Hitt *et al*., 2006). External resources may bring changes in the corporate governance structure that can threaten family control (Jin *et al*., 2021). Alternatively, family firms may be compelled to engage in partnership with an outside firm which can again challenge the family's control. Having non-family member executives offshore can also constrain the family firm managers to closely monitor their activities (Gomez-Mejia *et al*., 2010). Hence, scholars typically denote a negative effect of family control on internationalisation. While some studies have suggested a positive impact of this dimension on internationalisation (Kuo *et al*., 2012), most scholars report a negative one (Scholes *et al*., 2016; Xu *et al*., 2020). Thus, we present the first hypothesis:

H1: The family control and influence (F) dimension has a significant negative impact on internationalisation of family firms.

Identification of Family Members with the Firm (I) and Internationalisation

Research indicates that family members start to strongly identifiy themselves with the family firm. As a result, when the firm faces any threat to its reputation, family members' identity seems threatened (Zellweger *et al*., 2012). Consequently, family members become sufficiently wary about maintaining the firm image and 'saving the face' of the firm. Thus, this dimension is more concerned with caring for employees and other stakeholders who also feel part of the family (Basly & Saunier, 2020; Berrone *et al*., 2012). The motivation to project a positive image of the firm usually favours the move to internationalise (Basly & Saunier, 2020). While it can pose the risk of damaging firm's reputation if the partnering firm falters, the benefits of going international outweigh the risks and there are greater chances that this dimension would motivate family firms to internationalise. This leads us to the next hypothesis:

H2: The dimension of the family members' identification (I) has a significant positive impact on internationalisation of family firms.

Binding Social Ties (B) and Internationalisation

This dimension indicates that family members tend to develop a close bond with the firm. They also bond with other community members and stakeholders like employees, suppliers, and customers. Similarly, external stakeholders also develop an association and exhibit strong devotion to the firm. As a result, family firms establish a strong and credible relationship with their stakeholders (Zellweger *et al*., 2012) and take care of the environment and the community's welfare (Berrone *et al*., 2010). It was observed that this dimension encourages family firms towards innovation and faster product developments as closer bonds with their social capital help them stay ahead of the competition (Garg *et al*., 2003; Weimann *et al*., 2021). We argue that the same logic can be applied to internationalisation strategies. Since the dimension is responsible for fulfilling social networking goals (Basly & Saunier, 2020), these can become an incentive for family firms to pursue internationalisation strategies. Family firms can leverage their social ties by partnering with family members or other acquaintances relocated abroad, thus, reducing the risks associated with internationalisation. We present the corresponding hypothesis:

H3: The binding of social ties (B) dimension has a significant positive impact on the internationalisation of family firms.

Emotional Attachment of Family Members with the Firm (E) and Internationalisation

As a result of prolonged involvement, family members develop a strong emotional attachment with the firm. While emotional attachment can heighten the sense of responsibility for family firms (Lumpkin *et al*., 2010), it can also lead to behaviours like altruism and nepotism when family firm managers tend to favour incompetent family members over capable non-family member executives (Wu, 2018). As a result, family members who are strongly attached to the firm are typically discouraged to internationalise. Claver *et al*. (2009) report a negative influence of this dimension on internationalisation goals of family firms. Zahra (2003) also pinpoints that the decision to internationalise could lead to intra-family conflicts that may harm family harmony and coherence, thereby inhibiting family members from internationalising. Moreover, even though some studies report a positive impact of this dimension, *e.g.* Cennamo *et al*. (2012) argue that it taps a concern for survivability, the negative effect on internationalisation appears more realistic, thus, our next hypothesis is as follows:

H4: The emotional attachment of family firms (E) dimension has a significant negative impact on internationalisation of family firms.

Renewal of Family Bonds through Dynastic Succession (R) and Internationalisation

A key distinguishing factor between family and non-family firms is the transgenerational vision and desire to continue the family legacy through dynastic succession. Family firms are typically considered to be long-term oriented (Claver *et al*., 2009; Gomez-Mejia *et al*., 2007) and committed to preserving the firm's longevity, which is found to have a positive impact on internationalisation (Debicki *et al*., 2020). Studies suggest the desire to preserve the firm for succeeding generations makes principal owner receptive to risky choices, thus implying a positive relationship (Cassia *et al*., 2012; Classen *et al*., 2014). Many scholars indicate that this dimension drives innovation and growth as it motivates family firms to preserve financial wealth for succeeding generations (Cassia *et al*., 2012; Classen *et al*., 2014; Kammerlander & Ganter, 2015). Claver *et al*. (2009) report that the vision of dynastic succession encourages the efforts to elongate the company's survivability and thus, facilitates internationalisation. This leads us to our next hypothesis:

H5: The renewal of the family bonds (R) dimension has a significant positive impact on internationalisation of family firms.

The effect of SEW on Firm Performance via Internationalization

Theoretically, businesses exist to increase their profits and revenues, thereby improving their firm performance. However, the empirical findings on the SEW-performance relationship are far from conclusive (Martínez-Romero *et al*., 2020). Some results show a positive impact, while others offer a negative one. For example, the binding social ties *(B)*, the renewal of family bonds through dynastic succession *(R)*, and the identification of family members *(I)* dimensions tend to have a positive impact on firm performance, while family influence and control *(F)* dimension is more inclined to have a negative effect. Reasons for variance could be difference in the operationalization of family firms or SEW, or the variance between private and public family businesses under study (Ballal & Bapat, 2020). Some scholars suggest that SEW impacts family firm performance indirectly and by some mediating variable (Astrachan & Zellweger, 2008; Kabbach de Castro *et al*., 2016). Gomez-Mejia et al. (2011) suggested that strategic choices such as internationalisation cause a loss of SEW for family firms, thereby discouraging them to internationalise and in turn, instigating a loss in firm performance. Subsequently, they modelled internationalisation as one of the mediators between SEW and firm performance. Literature also suggests that SEW has an impact on family firm performance but this effect is usually indirect (Astrachan & Zellweger, 2008; Kabbach de Castro *et al*., 2016). This leads us to the following hypotheses:

H6a: Internationalisation mediates the relationship between F dimension and family firm performance.

H6b: Internationalisation mediates the relationship between I dimension and family firm performance.

H6c: Internationalisation mediates the relationship between B and family firm performance.

H6d: Internationalisation mediates the relationship between E and family firm performance.

H6e: Internationalisation mediates the relationship between R and family firm performance.

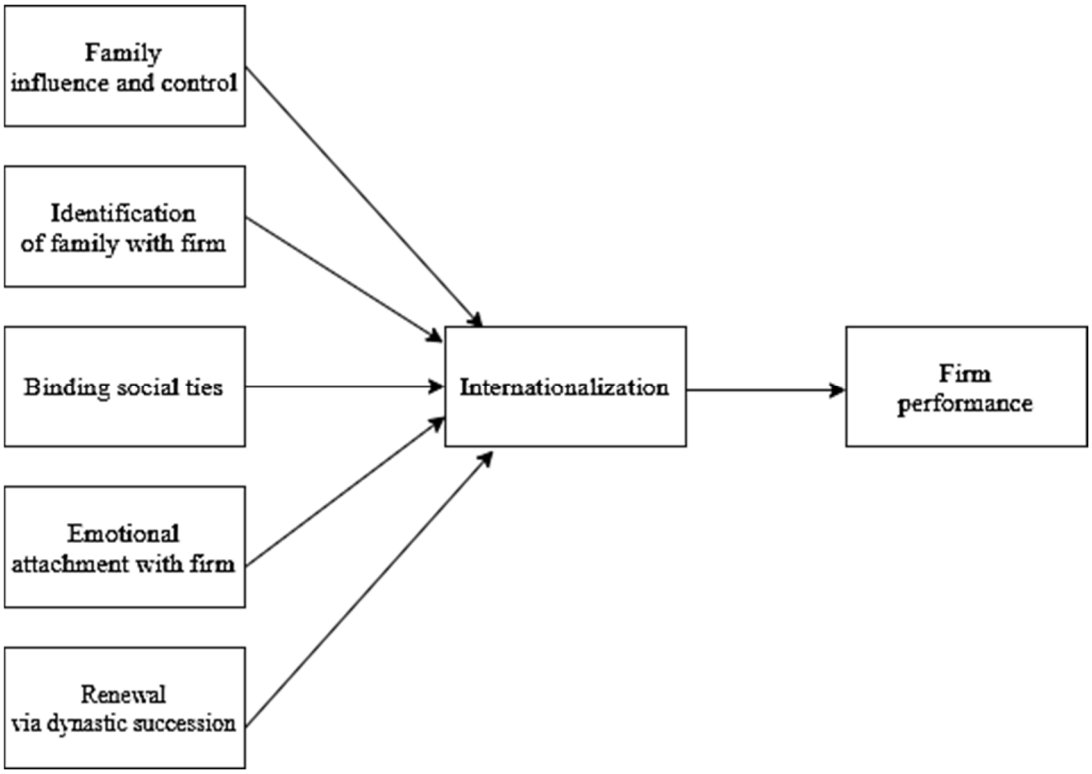

Figure 1. Conceptual model
Source: own elaboration.

RESEARCH METHODOLOGY

Method and Procedure

Given the quantitative nature of the study, a survey method was adopted wherein a self-administered questionnaire was administered to private family firms operating in various industries. Data was collected from Karachi, Lahore, Faisalabad, and Sukkur. These cities have been credited as Pakistan's top manufacturing hubs (Saleem *et al*., 2019). Currently, no organized body collects or disseminates data exclusively on family firms, resulting in the absence of a sampling frame. As a result, probability sampling was not possible, and the authors had to rely on non-probability purposive sampling. This technique is in correspondence with previous studies (Razzak & Jassem, 2019). We defined a family firm as one that possesses a majority of ownership and intends to pursue it as a family firm (Chua *et al*., 1999; Llach & Nordqvist, 2010; Neubaum *et al*., 2019). Public family firms were excluded as they exhibit different behaviours than private ones (Carney *et al*., 2015).

The questionnaire was distributed to more than 600 family businesses in Karachi, Lahore, Faisalabad, and Sukkur in person and via Google Forms. Around 625 family firms were contacted between 1 January, 2021 and 1 April, 2021, wherein 334 firms were contacted via email and Whatsapp to fill out the questionnaire on Google Form, while personal visits were made to about 291 firms. Around 204 family firms filled out the questionnaire out of the email invites, representing a 61% response rate. About 260 family firms contacted via personal visits complied to complete the questionnaire, representing a response rate of 89%. This added to a total of 464 responses collected. The data, once received, was screened for missing or incorrect data. Any response having more than 15% of missing information or monotone responses

was omitted (Hair *et al*., 2017). Furthermore, any response that did not identify itself as a family firm on the screening question 'Do you perceive yourself as a family firm?' was omitted.

Consequently, a total of 303 responses were considered for data analysis, representing 65.5% of the response rate. We kept English as the primary language for the questionnaire. The respondents were family firm owners or managers or a family member in a key position in the firm and who had sufficient knowledge about the decision-making processes of the family firm owners. Partial least squares structural equation modelling (PLS-SEM, version SmartPLS 3) was used for data analysis (Ringle *et al*., 2015). The PLS-SEM was employed for three reasons. It has shown to have greater predictive accuracy (Hair *et al*., 2017), it can deal with non-normality (Vinzi *et al*., 2010), and it does not restrict users to stringent pre-requisites and conditions such as sample size (Hair *et al*., 2019). To ensure the validity of the questionnaire, a pilot test on a sample of 50 respondents was conducted, the results of which were not included in the main findings.

Measurement Development

Each dimension of the FIBER scale (Berrone *et al*., 2012) was treated as a separate independent variable in the study. The dimensions were modelled as reflective as also implied by Berrone *et al*. (2012). Scholars contend that SEW is a multidimensional construct that 'exists in family firms independent of the measures and not as formative' (Debicki *et al.*, 2016, p. 50). Firm performance, taken as the dependent variable, was operationalized as a five-item scale that asked respondents to compare their business performance to their major competitor over the past three years on the following indicators: sales growth, market share, employee growth, customer satisfaction, and profitability. All the items were anchored on a five-point Likert scale. The scale was adopted from the study of Vij and Bedi (2016). The mediating variable, *i.e*., internationalisation was measured in terms of export performance and included the following five items adapted from the study of Mubarik *et al*. (2020): a) company's export sales compared to domestic, b) company's growth in the international market, c) export position of the company compared to competitors, d) export to a diverse international market, and e) export sale in the last five years. The internationalisation and the firm performance scales were also modelled as reflective. The study used three control variables: industry type, generational stage, and firm size.

RESULTS AND DISCUSSION

The demographic profile of the respondent firms is given in Table 1. The majority of the respondent firms were from the two cities Karachi and Lahore (40% each), while the remaining 30% were from Faisalabad and Sukkur.

The analysis of the measurement model revealed it to be valid and reliable (Table 2). The factor loadings of the items for all variables were assessed. Many items of the 'binding of social ties' dimension were dropped due to exceptionally low loadings. Cronbach alpha (CB) and composite reliability (CR) values were referred to check the inter-item reliability of the constructs. While Cronbach's alpha is a widely used tool to check internal consistency (Cronbach & Meehl, 1955), scholars nominate CR as a much superior tool, especially in SmartPLS (Hair *et al*., 2014). The CB and CR values were all above 0.7 as recommended (Fornell & Larcker, 1981), with the exception of *B* dimension, which had a low CB value but a high value of CR. Since many items of the *B* dimension were omitted from the model due to significantly low loadings, this explained the low value of Cronbach alpha as it is sensitive to the number of items in a scale and the correlation between them. The AVE values for all constructs also ranged between 0.5 and 0.7, which indicated sufficient convergent validity (Henseler *et al*., 2009). Fornell-Larcker criterion analysis and the heterotrait-monotrait (HTMT) ratios are two measures of discriminant validity (Hair *et al*., 2017). The Fornell-Larcker criterion analysis must show highest value in both rows and columns for a given construct while the HTMT ratios must yield values below the threshold of 0.9 (Henseler *et al*., 2015). Both measures indicated sufficient discriminant validity. Table 3 shows the result of Fornell-Larcker criterion analysis. Moreover, the results indicated no issue of multicollinearity as the variance inflation factor (VIF) values were observed well below the cut-off value of 5 (Hair *et al*., 2017). We wanted to know if the sample size was adequate and employed the inverse

square root method (Kock & Hadaya, 2018) and the power table (Hair *et al*., 2017) and found that the sample size met the minimum sampls size requirements at 5% significance level.

Table 1. Characteristics of the research sample

Demographics	Frequency	Percentage
Size:		
Small	124	40.8%
Medium	89	29.3%
Large	51	16.8%
Cities:		
Karachi	124	40.8%
Lahore	89	20.3%
Faisalabad	50	16.4%
Sukkur	40	13.2%
Industry:		
Textile	58	19.1%
Food & beverages	49	19.4%
Chemicals and pharma	16	5.3%
Services	99	32.6%
Others	71	23.3%
Generational stage:		
First	80	26.3%
Second	126	41.4%
Third	66	21.7%
Fourth	31	10.2%

Source: own study.

Once the reliability and validity were established, the relationship between the five dimensions of SEW on firm performance was checked in two stages. The first model *(Model 1)* included drawing a direct association between each dimension with firm performance (see Figure. 2). Secondly, the impact of each dimension on firm performance via internationalisation was assessed in *Model 2* (see Figure. 3). A bootstrapping procedure was applied to a 5000 subsample in both models (Hair *et al*., 2014). *Model 1* found a significant relationship between the SEW dimensions with firm performance except for *R*. The results of *Model 2* are given in Table 4. The coefficient of determination (R^2) increased significantly after the inclusion of the mediating variable (from 0.53 to 0.77).

As observed in Table 4 and Table 5, four dimensions of SEW showed a significant relationship with firm performance (FP) when internationalisation (Int) mediated the relationship. Internationalisation had a positive significant relationship with FP (β=0.503; p-value=0.000). The *F* dimension showed a significant negative relationship with Intl. At the same time, Intl had a complementary mediation with FP when interacting with *F*. This was true for *E* and *R*. In contrast, *I* and *B* showed a significant positive relationship with Intl. The *R* dimension did not have a significant relationship with Intl and FP. The three control variables were found to have a positive impact on FP. The value of R^2 increased significantly after the inclusion of the control variable (from 0.361 to 0.61), indicating that the model improved after the inclusion. The R^2 for FP increased to 0.77 in *Model 2*. This implied that the mediating variable and independent variables explained 77% of the variance in FP.

Table 2. The results of the measurement model

Sub-construct	Item	Loading	Cronbach Alpha	Composite Reliability	AVE	Discriminant Validity (HTMT < 0.900)
F	F1	0.797	0.822	0.872	0.578	Yes
	F2	0.775				
	F3	0.672				
	F4	0.829				
	F5	0.716				
I	I6	0.830	0.795	0.879	0.708	Yes
	I7	0.830				
	I8	0.863				
B	B12	0.811	0.570	0.704	0.546	Yes
	B16	0.660				
E	E17	0.652	0.790	0.856	0.546	Yes
	E18	0.765				
	E19	0.851				
	E20	0.667				
	E21	0.743				
R	R22	0.752	0.620	0.791	0.566	Yes
	R23	0.895				
	R24	0.574				
	R25	0.613				
Intl	Intl2	0.879	0.923	0.946	0.813	Yes
	Intl3	0.907				
	Intl4	0.918				
	Intl5	0.902				
FP	FP2	0.882	0.917	0.941	0.801	Yes
	FP3	0.898				
	FP4	0.891				
	FP5	0.908				

Note: Items I9, I10, I11, B13, B14, B15, R20, INTL1, and FP1 were deleted due to significantly small values.
Source: own study.

Table 3. Results of Fornell-Larcker criterion analysis

Sub-construct	B	E	F	FP	I	Intl	R
B	0.752	-	-	-	-	-	-
E	0.192	0.738	-	-	-	-	-
F	-0.050	0.475	0.759	-	-	-	-
FP	0.143	-0.458	-0.523	0.907	-	-	-
I	0.446	0.117	0.117	0.118	0.778	-	-
Int	0.152	-0.410	-0.438	0.851	0.124	0.914	-
R	0.053	0.655	0.459	-0.394	0.198	-0.345	0.782

Source: own study.

The effect size (f^2) indicates the magnitude of the impact irrespective of the sample size (Cohen, 1988). Values between 0.02 and 0.15 are considered small; values between 0.15 and 0.35 moderate and values greater than 0.35 are considered large (Cohen, 1988, 1992). All values ranged between small to moderate with highest effect size for Int being identification with firm ($f^2 = 0.187$). The predictive accuracy Q^2 of 0.462 also indicated a substantial predictive accuracy of the model (Hair *et al.*, 2014). To assess the common method variance (CMV) bias, we used the Harman's Single Factor test and the Full Collinearity Test. The CMV bias refers to a systematic variance introduced in the data and shared among variables due to a common source or method. The highest total variance was 29.6%, which was well below the cutoff value of 50% (Harman, 1976). Likewise, all the VIF values were observed to be less than 3.3 (Fuller *et al*., 2016), thus indicating that no CMV bias existed in the data.

Table 4. Results of the structural model (Model 2)

Paths	B	t-values	p-values
F → Intl	-0.274	4.782	0.000
I → Intl	0.319	5.234	0.000
B → Intl	0.214	4.413	0.000
E → Intl	-0.311	4.208	0.000
R → Intl	-0.043	0.599	0.550
Intl → FP	0.503	12.790	0.000
Industry → FP	0.055	2.004	0.046
GenStg → FP	0.206	5.237	0.000
FSz → FP	0.283	6.391	0.000
R^2			
Firm performance	0.772		
Internationalisation	0.305		

Source: own study.

Table 5. Specific indirect effect (Model 2)

Paths	B	p-value
F → Intl → FP	-0.138	0.000
I → Intl → FP	0.16	0.003
B → Intl → FP	0.108	0.000
E → Intl → FP	-0.156	0.000
R → Intl → FP	-0.022	0.550

Source: own study.

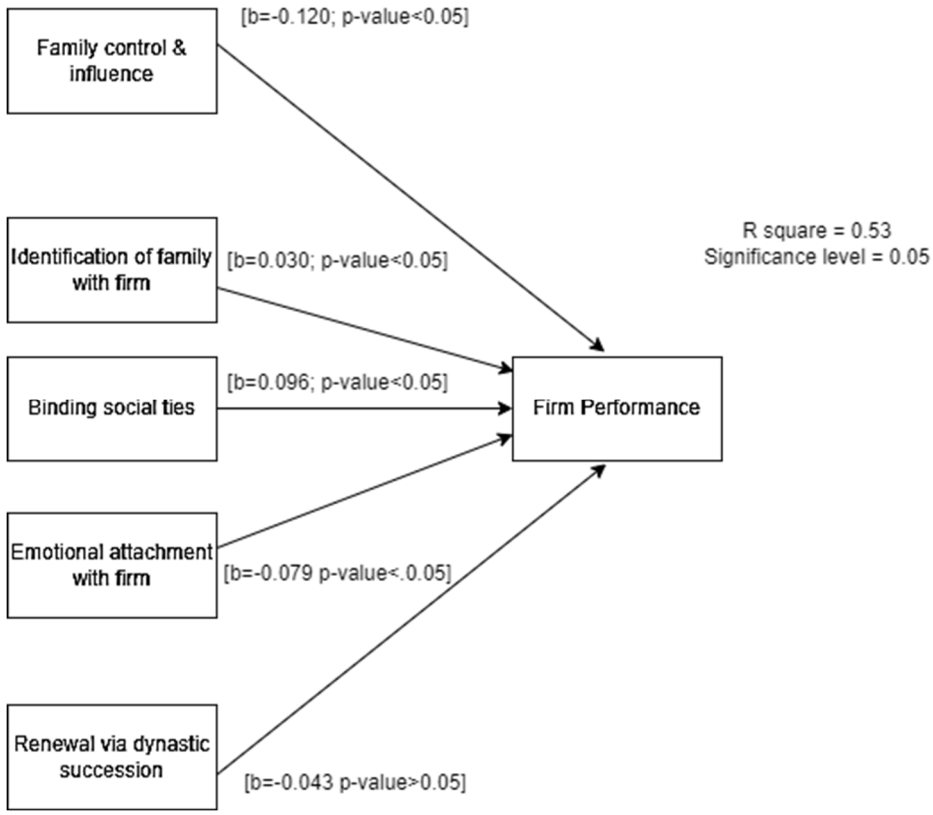

Figure 2. Model 2: Direct relationship between SEW dimensions and firm performance

Source: own elaboration.

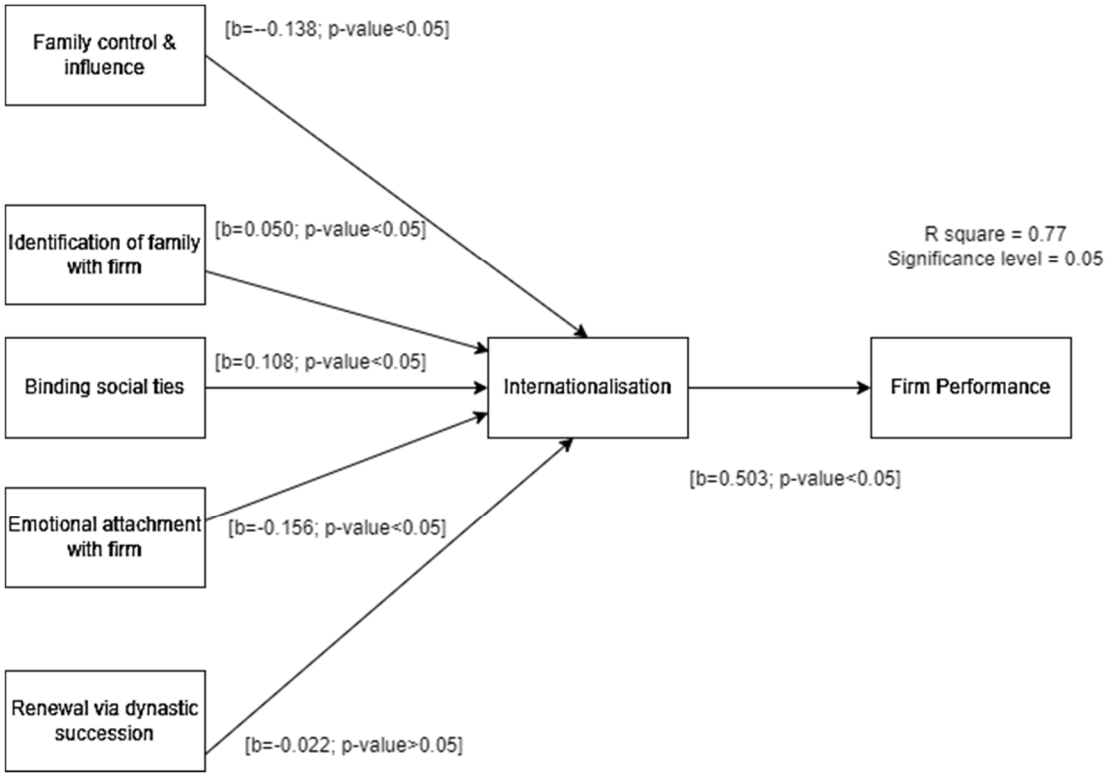

Figure 3. Model 2: Indirect relationship between individual SEW factors and firm performance
Source: own elaboration.

Discussion

The study used the SEW lens to analyse the relationship between the five dimensions of SEW (Berrone *et al*., 2012) and firm performance with internationalisation as the mediating variable. Based on the arguments of previous scholars that SEW has a dual nature, the study hypothesized that each dimension of SEW has a different effect on the output variable. While some dimensions can be drivers for growth, others tend to hinder riskier strategies. In this way, the study complied with the advice of scholars who suggested considering individual SEW dimensions for the investigation of relationships between variables (Gast *et al*., 2018; Hernández-Linares & López-Fernández, 2018). For example, Gast *et al*. (2018) put forward the argument that SEW must not be treated as a higher-order construct. Rather, the influence of each dimension on strategic choice must be examined individually. Similarly, Hernández-Linares and López-Fernández (2018) advise against using single proxies such as family involvement for its inability to capture the essence of family firms and suggested examining the strength and direction of each of the SEW dimensions on the variable under study.

The findings of the study coincided with the literature with some divergence. As hypothesized, the negative impact of family influence and control on internationalisation resonated with past results. For example, Yang *et al.* (2018) argue that when family firms try to establish their control over the firm, it causes resistance to riskier strategies like internationalisation, because such strategies would require getting help of an external company (in the form of partnership, for example) or hiring a professional to assist in the process. Jin *et al*. (2020) also report a negative influence of this dimension on internalisation. Other studies that used different endogenous variables also reported similar findings. For example, Razzak and Jassem (2019) found it to hurt family commitment. Others reported its negative effect on innovativeness (Bratnicka-Myśliwiec *et al*., 2019) and CSR (Campopiano, 2012). This implies that this dimension is more inclined towards developing a risk-aversive behaviour than a risk-taking one.

Identification of family with the firm had a significant positive effect on internationalisation. This counters the logic of scholars (*e.g*., Zahra, 2003) who argue that the more intertwined the family is with the firm, the more conservative they will be to internationalise. The findings imply that when a

family has a deep bond with the firm, it gives them the confidence to internationalise. We know from literature that positive feelings such as pride for being associated with the firm can drive positive strategic outcomes like improved quality and customer satisfaction (Carrigan & Buckley, 2008). It should not be surprising then that this dimension facilitates internationalization.

Binding social ties was also found to have a significant positive relationship with internationalisation, as hypothesized. This dimension assumes that family firms aim to strengthen their social networks which can help them leverage their internationalisation strategies by influencing their choice of international market (Basly & Saunier, 2020; Scholes *et al*., 2016). Thus, the social network approach implies that family firms utilize their networking to form partnerships with family, friends, or acquaintances relocated abroad and reduce the inherent risk linked with internationalisation.

Emotional attachment was found to have a significant negative relationship with internationalisation which is consistent with the literature (Zahra, 2003; Claver *et al*., 2009). Thus, emotional attachment discourages family firms from internationalising.

Renewal of family bonds through dynastic succession showed a negative but insignificant effect on internationalisation. Thus, the findings did not substantiate the hypothesis. Possible reasons could be the different contexts of the study. Most family firms in Pakistan are still in their second generation with children under eighteen (Chang *et al*., 2020). According to Hofstede's cultural dimensions, Pakistan is a short-term-oriented society and does not engage in long-term planning (Hofstede & Minkov, 2010). The study of Chang *et al.* (2020) also confirmed that most family firms do not have any formal succession plan devised. Since this dimension is concerned with preserving capital and business for the succeeding generation, we can conclude that it is not relevant in the context of internationalisation.

Finally, the findings indicated that while four dimensions of SEW (except *R*) directly related to firm performance, internationalisation partially mediated between them. As illustrated in Figure 2 and Figure 3, the indirect effect was greater than the direct effect of the dimensions on firm performance, implying internationalisation as a strong mediator. All three control variables had a significant impact on firm performance.

CONCLUSIONS

Our study answered to the call of Gast *et al*. (2018) who emphasized the need to delineate and examine the behaviour of individual dimensions of socioemotional wealth rather than treating it as a higher order construct. Furthermore, the study contributes to the literature by adding an Asian perspective, which is still scarce and was called for by scholars (Randerson *et al*., 2016). The study found support for all except one hypothesis. Thus, our study enriches the understanding on why most of the family businesses in Pakistan fail to internationalise. The findings also have practical and managerial implications for family firm owners, directors, and other family members at the executive level. Family firms that desire growth and expansion via the internationalisation route must be willing to tame the urge to exert rigid control over the firm. Similarly, family firm owner-managers can leverage positive dimensions such as *I* and *B* to increase internationalisation strategies. This can be done by promoting an entrepreneurial legacy (Chang *et al*., 2020) and utilizing social network approach. Lastly, we conclude that SEW is not inherently negative. Its effect changes when the mediating variables change (Hernández-Perlines *et al*., 2019, Ng *et al*., 2019). Thus, when interacting with certain variables such as internationalisation, some dimensions of SEW become growth inhibitors. In contrast, the same SEW dimensions became a catalyst for firm performance when the mediating variables changed. Thus, the debate on whether it is an asset or liability truly depends on its operating context. Therefore, researchers need to approach this phenomenon in the same light.

As with any other study, the study suffers from several limitations. Four FIBER dimensions of SEW were substantiated as antecedents to internationalisation. Like in the study by Ng *et al*. (2019), these relationships could only be generalizable for the Pakistani cultural context and may not apply to other cultures. Thus, future research can assess the mediating effect of internationalisation on firm performance in other countries for comparison purposes.

Likewise, being cross-sectional, the study cannot keep track of firms at the SEW level for the succeeding generations. Thus, future research can take the longitudinal approach to examine if the dimensions vary along the same lines with passing time.

Lastly, the family structure in Pakistan, characterized by a joint and extended family system, in addition to nuclear system raises questions on whether the conceptualization of 'family firms' used in the scale remains the sam. This is in line with Prugl's reservations (2019) who wonders if the cultural context influences the different dimensions of SEW since the very definition and conceptualization of 'family' becomes different in diverse cultural situations. Hence, more studies are needed from the subcontinental countries with common cultural, political, and social dynamics to validate the effect of SEW dimensions on family firms' strategic behaviours and firm performance.

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The contribution share of authors is equal and amounted to 50% for each of them. Asma Chang contributed to the literature review and data collection phase of the article, in addition to the entire write-up of the article. Shujaat Mubarik has contributed to the analysis, discussion, and conclusion section of the article. Both authors proofread the article and agreed on the final draft.

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