

"A man is
great by
deeds, not by
birth"
-Chanakya

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**Family firm CEO power and internationalization relationship amidst
pro-market reforms — Analysis of Indian EMNEs**

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Family firm CEO power and internationalization relationship amidst pro-market reforms — Analysis of Indian EMNEs

Abstract:

Family firms often prioritize preserving legacy and family wealth, which can sometimes conflict with business objectives, particularly in strategic OFDI decisions. However, family firms are also growing as major players in the world stage. We address the apparent dichotomy, by analyzing the influence of CEO power on OFDI under institutional transition in emerging markets. For firms operating in emergent markets, OFDI is a critical response. Despite this, family firm CEOs armed with greater structural and prestige power, prevent OFDI out of concern for the erosion of family wealth, the loss of control, and risk aversion. However, as institutions transition from closed to open systems, encourage market-based transactions, and add policy support, firms are encouraged to undertake OFDI. Organizational leaders cannot risk the viability of their organizations by undermining strategies appropriate in a changing environment. Hence, the negative impact of family firm CEO structural and prestige power on OFDI is weakened as institutions evolve. We test the hypothesis on 218 Indian listed family firms between 2010 and 2019, totaling 1834 firm year observations. We find support for a negative impact of the CEO's structural power and prestige power on OFDI and a positive moderation of the negative relationship by institutional reforms. We analyze the relationship from the upper echelons theory lens, with institutional transition as an important boundary condition.



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