Creating Economic Value Through Social Values: Introducing a Culturally Informed Resource-Based View

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Abstract

The resource-based view (RBV) has historically privileged the firm's internal resources and capabilities, often at the exclusion of its institutional context. In this paper, we introduce a culturally informed RBV that explains how cultural elements in the firm's institutional context shape the economic value associated with a firm's strategy. We posit that a firm's institutional context may create or destroy economic value. If the strategy inadvertently becomes associated with a social issue, it poses a risk for the firm. Firms that recognize the dynamic interplay between their resources and their institutional context in the face of social issues can engage in important cultural work, and thereby preserve their strategy's economic value.