Editorial: new directions for old theories through the internationalisation of family firms

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1 Introduction

Internationalisation behaviour by family firms is increasingly gaining more attention from researchers. To add value to practitioners, a better understanding of the dynamics of family firms' strategies and practices in the global economy is needed. Current international business (IB) research relies predominantly on interpreting events through the application of widely accepted theories and models. Recurring simplistic linear approaches to the understanding of the internationalisation of family firms have their place, but it is time for scholars to move towards more robust theoretical and methodological perspectives (e.g. Lindow, 2013). Traditional models, such as family firms growing organically within a geographic region (Laird et al., 2007), may fail to capture the current internationalisation dynamics in the world. For example, faster and cheaper international transport of goods, services provided through advances in information communication technologies (ICT), free-trade-agreements (FTA) within countries and regional blocks, tend to encourage or to some extent force family firms to internationalise. But do we fully recognise the implications of these events for the family enterprise? Academic debates in relation to ownership, family member involvement in strategy decisions of their firms, and family members' perceptions for internationalisation, among other factors need further research among IB scholars to improve our understanding of family firms' internationalisation strategies (e.g. Benavides et al., 2013; Fernandez and Nieto, 2014; Teece, 2007).

This special issue on internationalisation of family firms provides salient theoretical approaches to current research in family business. The next sections provide an overview of theoretical debates in internationalisation of family firms' theory and research, followed by introductions of the articles of this special issue. We end by suggesting a research agenda to further develop our understanding to internationalisation of family firms around the world.

2 Theoretical debate

The definition of 'family firms' is disputed in the literature. Typically, the term denotes an ownership dimension, i.e. that family interests (often dispersed across several generations) have ownership of the company (Kraiczy, 2013). The main assumption of the family firm literature is that this particular ownership structure affects firm strategy, organisation and management, including internationalisation dimensions. However, family firms represent an extremely heterogeneous group of firms where family factors to a higher or lesser degree influence and are involved in the management of the firm (Chrisman et al., 2005).

There are different theoretical approaches to study internationalisation of family businesses. For example, stewardship theory is primarily applied in studies of governance and behaviour. The stewardship theoretical approach focuses on leaders' and executives' goals and aspiration in their work (e.g. Davis et al., 1997). Stewardship theory suggests that family businesses in which leaders are either family members or individuals emotionally linked to the family (Miller and Le Breton-Miller, 2006) tend to possess altruistic motivations seeking benefits for the family firm and its stakeholders than go beyond simplistic self-serving or economic achievements (Fox and Hamilton, 1994; Claver et al., 2009).

A related approach argues that rather than shareholder value, family owned firms are motivated with accumulation of socioemotional wealth (SEW). SEW aims at capturing and structuring the intertwinement of the owner-family with the business. SEW is the 'single most important feature of a family firm's essence that separates it from other organisational forms' (Berrone et al., 2012, p.3). The socioemotional endowment is conceptualised in broad terms to capture the stock of affect-related value that a family derives from its controlling position in a particular firm (Berrone et al., 2012).

From an evolutionary economic perspective the resource-based view posits that neither imitable nor substitutable valuable resources to a firm are the source for a competitive advantage (Barney, 1991). Family firms' valuable resources provided by family members in terms financial investment (in many cases family members' patrimony), labour, governance, and management among other resources are key distinctions of family firms in comparison to non-family firms (Klein et al., 2005). Current academic literature presents limited understating in relation to the roots from which families' resources emerge, ways in which such resources change over time, and the means through which families' resources can be nurtured and preserved (Astrachan, 2010).

From an IB perspective, family firms are often discussed on par with SMEs, although of course family owned firms not necessarily are SMEs; indeed some of the world's largest firms are family controlled. The Uppsala Internationalisation Model offers an overall process of venturing into foreign markets (Johanson and Vahlne, 1977). Family firms (here typically understood as SME family firms) start their internationalisation with exporting activities into countries with low psychological and geographical distance, and then incrementally, as knowledge and resources accumulate, expand into more remote markets (e.g. Claver et al., 2009). Depending on the different ownership, internalisation, and locational advantages (OLI-Model), different types of entry modes are chosen, with foreign direct investments being the one with the highest commitment (Pukall and Calabro, 2014).

Relational/network perspectives suggest that family firms are able to offset most of their weaknesses in relation to internationalisation through family-specific resources. Central elements in this context were more qualitative factors (resources) such as trust, altruism, and social capital (e.g., Segaro, 2010; Zahra, 2003). These factors can positively influence relationships within the family (e.g., conflict management, faster decision-making processes, shared and participative vision of the internationalisation process, etc.), but also relationships of the owning-family with its environment, including family firms' managers from outside the family, customers, business partners, governmental institutions, as well as other stakeholders.

The theoretical frameworks provided above receive new attention from the authors of the articles selected for this special issue.

3 This special issue offers new insights from established theories

In the first contribution, Calabrò, Minola, Campopiano and Pukall suggest that high family ownership and influence do not necessarily lead to reduced international venturing endeavours, challenging earlier arguments in the literature. Based on a quantitative analysis of family and non-family firms, Calabrò et al. discuss family firms' internationalisation based on corporate venturing (CV), innovativeness and entrepreneurial orientation. Socioemotional wealth perspective (SEW) and risk to family firms' effort appeared to be explanatory variables for internationalisation efforts. The authors advance family firms' research on the drivers of a different risk attitude and venture behaviour argument on internationalisation. The distinctiveness of corporate governance processes and the role of non-economic goals as predicted by the socioemotional wealth perspective contribute to the advancement of family business scholarship in general as well as at the crossroad with entrepreneurship in particular. Calabrò and colleagues' contribution sheds light on the role of innovativeness as antecedent of CV and extends the discussion on entrepreneurial orientation and its organisational outcomes. In addition there is emphasis on how their results are empirically explained and theoretically reconciled specifically by a reasoning that encompasses jointly family business, entrepreneurship and international entrepreneurship.

The second contribution, by Barroso Martínez, Sanguino Galván and Bañegil Palacios, puts the spotlight on the role of knowledge transfer in the entrepreneurial orientation and performance of family firms. They use structural equation modelling (SEM) to show the moderating effect of family firms that reinforces the relationship between knowledge transfer, entrepreneurial orientation and firm performance. Based on a survey of Spanish family firms they concluded that the greater is the family involvement – measured as the number of family members in the top management team, more family ownership and new generations managing the company – the higher the entrepreneurial behaviour of the firm by means of knowledge transfer. This latter concept refers to the communication sharing process from different members and generations within the family firm. Hence, the results reveal that knowledge transfer in family firms is particularly important to stimulate entrepreneurial orientation through innovation, proactivity and risk taking, which are the fundamentals to embark on an internationalisation strategy. The main contribution of the article lies in considering the entrepreneurial orientation as a dependent variable that has full mediation effect between knowledge transfer and performance and this relationship is even stronger in firms with strong family ties.

In the third article, Chung and Dahms reinforce prior research indicating that internationalisation by firms is associated with cultural and language similarities, and geographic proximity. Although their sample consists of the largest business groups in Taiwan, their focus on semi-globalisation activity is especially relevant to smaller, closely-held firms. They extend internationalisation research in two ways. First is their examination of particularistic ties, and the second is the family versus non-family business group comparison. For those not familiar with pluralistic ties, Chung and Dahms provide specific, operational definitions and clearly document the development of the concept in the literature. They detail how their variables are measured, facilitating replications by scholars in other national and cultural environments. The second extension is an especially important contribution to this special issue. The authors, in a carefully controlled study, find differences in the semi-globalisation behaviour of the family versus non-family business groups. The large family business groups in Taiwan were found to be more likely than non-family businesses to enter the Chinese markets. The particularistic ties that appear to be especially strong in family firms may enable those groups to enter foreign markets while still maintaining conservative growth strategies. This study takes a resource-based view of the phenomena, but may also have implications from an agency theory perspective. The particularistic ties may ensure greater control from headquarters and reduce concern for self-interest on the part of managers in other countries. Chung and Dahms' findings additionally suggest that industry variances need to be investigated. A critical issue coming out of this study is whether social capital research reported from other countries is equivalent to particularistic ties observed in Taiwan and China and whether such relationships are transferable among family members.

The fourth contribution, by Mensching, Calabrò, Eggers and Kraus, examines whether family CEOs of family owned firms have different perceptions of risks and opportunities in internationalisation compared to other CEOs. The paper is based on a choice-based conjoint analysis methodology where CEOs of different types of firms are asked to reflect over various internationalisation scenarios. The paper demonstrates that there are indeed variations in the way CEOs perceive internationalisation risks and opportunities; in particular it is found that distances related to language and religion are perceived relatively more risky by family CEOs of family firms. Mensching and colleagues argue that these distinct perceptions of family CEOs can be traced back to economic and socioemotional wealth (SEW) sentiments related to identity, status, maintenance of family dynasty, and influence. The study confirms the Uppsala model in that CEOs in family firms perceive neighbouring countries as generally more attractive and that CEOs in non-family firms are less sensitive to geographic distance. The authors advance the literature by deepening the SEW dimension in the literature on internationalisation of family firms, by presenting a novel way of examining the role of perceptions in internationalisation processes, and by developing fresh hypotheses regarding drivers and paths of family firm internationalisation.

4 What can we conclude from the articles contained in this issue?

Responding to calls for broader international contributions to the family business literature, we provide studies based in Austria, Germany, Norway, Spain, Switzerland, and Taiwan, which we believe help us to better understand the dynamics of internationalisation of family firms in different regions of the world, in addition to numerous additional countries if considering all those to which the firms under investigation are exporting. The various articles produce findings that agree with prior studies that there are some circumstances in which family businesses behave similarly to non-family enterprises; and there are circumstances where the behaviours diverge. For instance, SEW appears influential, as has been demonstrated in multiple studies looking at a variety of variables. Family businesses appear more risk averse, or at least differ in approaches to risk assessment. Internationalisation is associated with cultural and language similarities, and geographic proximity.

The articles contribute to our understanding of how numerous theories and models enable us to learn about both family businesses and internationalisation strategies/ behaviours: entrepreneurial orientation, resource-based view, knowledge transfer, particularistic ties, market entry, risk analysis/assessment/attitude, socioemotional wealth, Uppsala theory, innovativeness, social capital, agency theory and SEW dimension.

5 What should scholars and practitioners gain from the contributions of this special issue?

The papers described above contribute to previous claims in relation to knowledge of the behaviour of family firms and to understanding questions about internationalisation where ownership type matters (Fernandez and Nieto, 2014). The qualitative and quantitative studies presented in this special issue together with the literature on internationalisation and family firms advance our understanding of the relation between family firms and the different decisions linked to internationalisation.

We also observe that traditional view that of family firms growing organically within a geographic region is becoming outdated. De Massis et al. (2012) reported that the increase in attention to family firm internationalisation has been accompanied by inconsistent results. More attention needs to be given to the contexts in which firms choose their strategies and to the advantages and disadvantages of family involvement. Dynamics of globalisation advances of ICT and sophistication of consumers' needs appear to influence family firms to grow global markets. Thus scholars and practitioners might re-consider factors involving the internationalisation of family businesses, the impact of internationalisation on organisational growth, the change in attitudes towards internationalisation across generations, the comparison of managerial capabilities between family and nonfamily firms according to the degree of their internationalisation, the impact of ownership on the international expansion, among other factors (e.g. Laird

Norton Tyee 2007; Sciascia et al., 2012) in order to move forward traditional assumptions of family firms' internationalisation processes. Potential areas for future research should examine the unique factors of family businesses (such as family members' perceptions of the benefits of internationalisation) that determine their international behaviour and the adoption of alternative foreign entry methods, or effective resources for internationalisation such as reputational assets and technological resources. This research stream could be founded on a dynamic capabilities perspective (Teece et al., 1997; Teece, 2007). The impact of family businesses' internationalisation on performance should also be explored (Benavides et al., 2013).

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