

# ***Family SMEs' Internationalization: Disentangling the Influence of Familiness on Spanish Firms' Export Activity\****

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*This paper studies the relationships between family involvement and internationalization of family small and medium enterprises (SMEs), examining the effects exerted by the three main dimensions that comprise the concept of familiness: power, experience, and culture. Disentangling the influence of familiness dimensions lead us to discover the combined effects of family's governance, generation, and culture on SMEs' export activity. The results, using the F-PEC scale over a sample of 500 Spanish firms, show that this multidimensional approach better identifies the determinants of the family SMEs' internationalization. Specifically, we find that the family experience and its culture orientation positively affect the firm's export activity, whereas family governance/management does not have any significant influence.*

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## ***Introduction***

Traditionally, the small and medium enterprises' (SMEs) internationalization process has been restrained by shortages both in long-term financial resources and in intangible assets, such as managerial skills and attitudes, human capital, innovation and technological capabilities, and knowledge or information about foreign markets and business opportunities (Dhanaraj and Beamish 2003; Ruzzier, Hisrich, and Antoncic 2006). Consequently, the most common forms of SMEs' internationalization are based on a low-commitment perspective focused on exporting, which offers greater flexibility of management actions, entails fewer business functions, and requires fewer

resources than other ways of entering foreign markets (Leonidou 2004; Mittelstaedt, Harben, and Ward 2003).

However, even facing a new competitive dynamic where their survival depends on their capacity to grow internationally, many SMEs either find exporting difficult or directly abandon the activity (Leonidou et al. 2007). One explanation frequently offered in the literature relates to their family nature or origin, which is the most common form of business organization for SMEs (Calabrò, Mussolino, and Huse 2009; Casillas, Acedo, and Moreno 2007). In that way, the predominant motivation for research specifically on family SMEs is the conviction that the owner family has some kind of influence on the firm internationalization, directly through the

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management positions their members hold or indirectly through governance mechanisms (Chrisman, Chua, and Steier 2005; Chua, Chrisman, and Sharma 1999).

Despite the growing literature on the intersection between family SMEs and internationalization, this research area is still seeking for conclusive knowledge that reconciles the heterogeneous findings obtained. Only two recent reviews have been published so far to the best of our knowledge (Kontinen and Ojala 2010; Pukall and Calabrò 2013), without no sound consensus on whether family firms' nature restrains or facilitates the export activity. For example, whereas some studies (Carr and Bateman 2009; Kontinen and Ojala 2011) find that the small size and flexibility of management teams in family firms allow them to react quickly to new international opportunities, others (Gomez-Mejia, Makri, and Larraza-Kintana 2010; Graves and Thomas 2006) conclude that family firms exhibit lower levels of internationalization than nonfamily firms because of their concern with preserving the family control of the business. Some scholars (Cerrato and Piva 2010; Pinho 2007) even find no difference between family and nonfamily firms regarding certain dimensions of internationalization. These contradictory results may be caused by several aspects, going from the different theoretical frameworks used and the diversity of family dimensions analyzed to the level of analysis, methodologies, and samples adopted.

To shed light on some blind spots in this field, this paper analyzes how family SMEs face the challenge of internationalization through the several dimensions of the familiness concept (Habbershon and Williams 1999; Habbershon, Williams, and MacMillan 2003; Sirmon and Hitt 2003). A growing amount of studies see the familiness concept quite adequate, and it is well established in the literature because it captures the central dimensions of family involvement (Astrachan, Klein, and Smyrniotis 2002; Chirico, Ireland, and Sirmon 2011; Sharma 2008; Zellweger, Eddleston, and Kellermanns 2010). Moreover, it facilitates the understanding of the influence of the family on the business internationalization as a "unique bundle of resources a particular firm has because of the systems interaction between the family, its individual members, and the business" (Habbershon and Williams 1999, p. 11).

The paper suggests that the export activity of a family SME is deeply determined by the family involvement and not only its character, because such involvement matters due to the fact that the firms' internationalization implies additional risks requires additional resources and engages the firm in a different culture network (Casillas and Acedo 2005; Claver, Rienda, and Quer 2009; Zahra 2003). It can be represented by the three main dimensions of familiness that comprehend the composition of the firm control/management, the expertise transmitted from different generations, and the long-term orientation culture (Pearson, Carr, and Shaw 2008; Rutherford, Kuratko, and Holt 2008). As the familiness dimensions—power, experience, and culture—may affect in different direction, facilitating or restraining the degree of internationalization of family SMEs, this study aims to identify and explain the interactions of familiness that can influence positively or negatively their export activities and help know which are the needed resources that make families be more involved in the international ventures of their firms.

This paper makes several contributions to the academic debate on family firms' internationalization. First, we introduce the concept of familiness on internationalization, measuring the influence of the different family involvement dimensions (power, experience, and culture) on the export activity of SMEs. The study may shed new light on the understanding of the interactive influence of the family by the simultaneous consideration of ownership/management, generation, and culture/values on the internationalization of SMEs. Second, with our definition of family SMEs, we respond to the inconclusiveness of the SMEs internationalization results by providing a novel approach to the literature that is used to compare family and nonfamily firms based on different starting points of family firms' consideration from a determined ownership or management level (Chen 2011). Finally, the paper adds new contextualized evidence of these links regarding a specific economy in which family SMEs operate: Spain, a representative "family non-exporting firm" country. The 80 percent of Spanish SMEs are considered as family businesses, representing 70 percent of the gross domestic product (65 percent and 50 percent in the European Union and the United States, respectively) (Fernández and Nieto 2005; Strategic Research Center 2009), and mostly

operating in internal housing and services industries, characterized by low investments in innovation, limited productivity, and reduced international orientation (Arteaga-Ortiz and Fernández-Ortiz 2010; Madrid-Guijarro, García, and Van Auken 2009).

This paper is structured as follows. First, it presents a review of the literature dealing with the internationalization of family firms. This review concludes with the development of the proposed hypotheses linking the familiness and the SMEs export activity, involving both the separate and the combined effects of its dimensions. Next, we present the empirical methodology employed in the empirical analysis. An exposition of the results of the analysis follows, and the paper finishes with the presentation of conclusions and a discussion of the main results.

## ***Theoretical Framework and Hypotheses***

### **Review of Extant Literature**

The literature findings on the intersection of family involvement and internationalization are complex and fairly inconsistent in the context of family SMEs. The heterogeneity of theoretical approaches, the variety of idiosyncratic family business dimensions, and the diversity of internationalization processes may help to explain this situation. Additionally, the remarkable heterogeneity concerning analytical methods and countries of analysis can, to some extent, complete the explanation for the lack of coincidence. Nevertheless, a logical classification of this literature is possible. Studies may be classified in two representative streams, depending on the main theories applied to capture and explain the influence of the family on the internationalization of the business: one research line departs from the involvement of unique family resources in the management/governance—the resource-based view (Barney 1991), the other one focuses on the risk aversion of the owner-family—the agency theory (Jensen and Meckling 1976).

When family firm-specific resources that promote internationalization are analyzed (including human and social capital as well as governance mechanisms), the resource-based view has been preferably considered. Some studies focus on the lack of resources, especially financial, which leads to conclude a negative influence of the family on the business (Fernández and Nieto 2006; Olivares-Mesa and Cabrera-Suárez 2006; Sundaramurthy and Dean

2008). In this line, other authors remark that the family influence implies a lack of management expertise and underdeveloped processes and routines concerning internationalization (Graves and Thomas 2006; Menéndez-Requejo 2005). Menéndez-Requejo (2005) does not find predetermined limits or advantages in the foreign growth of family SMEs, whereas Graves and Thomas (2006) conclude that, in spite of the flexible managerial capabilities of family SMEs, they go behind their nonfamily counterparts when they expand internationally because of their lack of expertise in international management.

Nevertheless, other studies under the resource-based view find a positive influence of the firm familiness on its internationalization due to the family-specific resources (Carr and Bateman 2009). Claver, Rienda, and Quer (2007, 2009) show that age, size, and generation's progression create resources that positively influence the establishment of international alliances on the part of family SMEs. Kontinen and Ojala (2011) show that the small size and the flexibility of the management team allow family SMEs to quickly recognize and react to new international opportunities. In a similar way, Basly (2007) finds that the conservatism of family SMEs does not negatively influence the level of knowledge about internationalization of such firms. Authors in this line of research state that family SMEs are able to overcome their weakness in valued resources for internationalization such as financial, human, and marketing through some more focused family-specific resources, like trust, altruism, social capital, and network ties (Casillas and Acedo 2005; Casillas, Moreno, and Acedo 2010; Segaro 2010), and incorporating values that may encourage internationalization, such as knowledge, experience, proactivity on the basis, on elements of social capital marked by family protection (Felício, Couto, and Caiado 2012).

From an agency perspective, one of the main consequences of family ownership, especially in SMEs and in nonlisted family firms, is the risk aversion of the owning family or managers (Arosa, Iturralde, and Maseda 2010). Because owning families try to keep as much control over the company as possible while preserving the wealth for future generations, some studies find that family firms are less prone to internationalize (Gallo, Tapies, and Cappuyns 2004; Gomez-Mejia, Makri, and Larraza-Kintana 2010; Okoroafo 1999). The

more is the concentration of ownership in the majority family shareholder, the less is the probability of internationalization of the business. By contrast, another group of authors finds that family owners are more prone to risk than their nonfamily counterparts, while remarking the curvilinear relation between family ownership and firm internationalization (Sciascia et al. 2012; Sirmon et al. 2008). They suggest that internationalization entrepreneurship reaches its maximum only when family ownership stays at moderate levels (Calabrò, Mussolino, and Huse 2009). These studies support that, in contrast to the traditional prescriptions of the agency theory, family SMEs can be more prone to risk due to business ownership, and also be risk-averse at the same time, depending on situational factors (Zahra 2003). Therefore, internationalization becomes a double-edged sword for a family business: it allows the risk being spread across geographic segments and also carries a higher likelihood of losing wealth (McConaughy, Matthews, and Fialko 2001).

As a whole, as Kontinen and Ojala (2010) conclude in their in-depth revision of family business internationalization studies that the internationalization of family SMEs appears to differ in many ways from that of nonfamily ones. They point out that although four main factors may restrain the internationalization of family SMEs according to theoretical “a priori” hypotheses—financial resources, family ownership control, management expertise, and institutional/relational capital—the empirical results are highly inconclusive. Recently, Pukall and Calabrò (2013) extract a common message within their wide review of literature concerning the influence of family SMEs on internationalization. They conclude that family firms are able to compensate most of their weaknesses regarding internationalization through family-specific resources. Key qualitative resources like trust, altruism, commitment, and social capital can positively influence relationships within the family, and also interactions of the owning family with its environment, including those linked to the internationalization process. Family SMEs appear to include long-term internationalization plans, while avoiding taking quick and risky decisions and fearing a loss of control as a consequence of their internationalization activity. They are more careful about their network of partners and agents, avoiding decisions that may threaten both the family

desire for passing the firm to future generations and the family reputation.

In short, despite the growing research on the links between family firms and internationalization, this field is still seeking for conclusive knowledge that may reconcile the heterogeneous findings obtained so far (Pukall and Calabrò 2013). A review of the literature reveals, among other things, a lack of interrelations between several dimensions of family involvement in order to see a better picture of influences of family’s resources on the SMEs’ degree of internationalization. To shed light on this gap, the familiness concept (Habbershon and Williams 1999; Sirmon and Hitt 2003) facilitates the understanding of the family involvement influence on business internationalization, considering the interrelations among three main dimensions, which include the composition of the firm control/management, the expertise transmitted from incoming generations, and the long-term orientation culture (Pearson, Carr, and Shaw 2008).

### **Familiness and SMEs’ Export Activity**

The resource-based view of the firm (Barney 1991) is the original theoretical basis for the familiness concept. A broad overview of this theory suggests that unique bundles of resources and capabilities serve as a source of competitive advantage for the firm (Habbershon and Williams 1999; Habbershon, Williams, and MacMillan 2003). Family firms can be viewed as an exclusive combination of two sets of rules, values, and expectations—that of the family and that of the business—sharing certain characteristics that render them unique in terms of patterns of ownership, governance, and succession (Chrisman, Chua, and Steier 2005; Chua, Chrisman, and Sharma 1999). The path-dependent phenomena associated with a firm’s unique historical conditions create imperfectly imitable resources, such as the family’s value-based organizational culture, a particular historical asset, or the firm’s reputation (Sirmon and Hitt 2003; Sirmon et al. 2008). These procedures, deeply embedded in informal and formal decision-making processes in family management, are an expression of the socially complex resources found in family firms (Habbershon and Williams 1999). For example, when firms undergo generational transitions, the slow but significant changes in their resources include information and experience, management style, and stakeholder

relationships. In this case, variation in the familiness intensity implies a modification in the firm's resources determinant of its performance.

The term familiness can be described as the idiosyncratic firm-level bundle of resources and capabilities resulting from the systems' interactions. Chrisman, Chua, and Sharma (2005) define this concept as the resources and capabilities related to family involvement and interactions. Stafford et al. (1999) and, more recently, Danes et al. (2009) take the underlying idea one step further by integrating family and business systems on the same level with the available resources and constraints. This familiness approach, based on the belief that family involvement must be directed toward differentiation-inducing behaviors, has the peculiarity of being theoretical in nature, and based on the generation of family capital, bridging human, social, and financial capital as a source of the firm's competitive advantage (Danes et al. 2009; Pearson, Carr, and Shaw 2008). In general terms, the familiness literature agrees to state that family firms exist because of the reciprocal economic and noneconomic value created through the combination of family and business systems (Chirico, Ireland, and Sirmon 2011; Zellweger, Eddleston, and Kellermanns 2010). Furthermore, a family's vision and intention for transgenerational sustainability may lead to the institutionalization of the perceived value of the combined family and business systems, suggesting that cooperation itself may create utilities for members of a family business and shape their behaviors and decisions (Rutherford, Kuratko, and Holt 2008; Sharma 2008).

Thus, the familiness concept has been proposed, on the one hand, as a source of competitive advantage, generating firm wealth and value creation, and on the other hand, as a factor of significant influence in the management of the firm (Frank et al. 2010; Pearson, Carr, and Shaw 2008). According to this notion, a growing amount of studies see the familiness quite adequate and well established in the literature because it captures the key dimensions of family involvement (Chirico, Ireland, and Sirmon 2011; Sharma 2008; Zellweger, Eddleston, and Kellermanns 2010).

Regarding family involvement in the business, Astrachan, Klein, and Smyrniotis (2002) propose that the extent to which a firm is a

family business should be determined by the way in which family involvement is used to influence the business (Holt, Rutherford, and Kuratko 2010; Klein, Astrachan, and Smyrniotis 2005). This involvement can be defined in three dimensions: power, experience, and culture. Power refers to the dominance exercised by financing the business (e.g., shares held by the family), as well as leading and/or controlling the business through the participation of the family in its management and/or governance. Experience refers to the accumulated experience that the family brings into the business. Finally, culture makes reference to values and commitment that can be found in the overlap of the family and business values. These three dimensions represent an "index" of family influence that enables comparisons across businesses concerning levels of family involvement and their effects on performance, as well as other business behaviors (Holt, Rutherford, and Kuratko 2010; Rutherford, Kuratko, and Holt 2008).

In this vein, a construct that captures such elements becomes a useful approach to fully appraise how the family influences the firm's international activities. The specific role that the family nature of the business plays in its export activity makes it liable to adopt significantly different policies (Frank et al. 2010). Two firms with the same extent of family involvement in terms of "traditional" governance (ownership and management of the family in the business) may differ in their international business orientation if either lacks the intention, vision, and/or behavior that characterize a family business.

Although there are no papers examining the whole influence of the familiness as a whole on the internationalization of family SMEs, several studies recognize the significant influence of the degree of involvement of the family in the international expansion of the business. For example, Zahra (2003), who created a "family management involvement index" concerning the involvement of family member in the strategic planning process, found a positive influence of this variable on foreign markets and international expansion. Highlighting the altruism that characterizes family firms, this author shows that family ownership and involvement in the firm, as well as the interaction of this ownership with family involvement, are significantly and positively associated with internationalization. Although in his sample, firms

were large, his findings suggest a positive relationship between the familiness and the export activity (as a percentage of international sales) of the firm.

Rutherford, Muse, and Oswald (2006) carried out an empirical study examining family involvement on a wide range of performance measures (including internationalization success) using the developmental model for business. They examine degrees of family involvement through number of generations, ownership, and a diversity of family involvement variables. They found that family firms, in which generations different from the owning one are actively involved, were associated with greater international performance. Additionally, they found that the family networks investments in the business are also associated with a greater internationalization and that the cultural tension is related to a lower international firm performance.

Finally, Sirmon et al. (2008) find a relationship between family involvement and the exploitation of its social capital, both at home and abroad: the social capital possessed by family SMEs creates value for a family firm because it reduces costs related to the search and screening of information and also facilitates the contract enforcement. They found that family firms use alliances and cooperative arrangements most effectively when venturing abroad. Therefore, firms that nurture their family firm identity—related to the familiness concept—may be able to gain access to a unique type of community-level social capital that assists them in their international operations.

Literature, in general, states that family SMEs are able to overcome their weakness regarding internationalization—power dimension—through more focused family-specific resources—experience and culture dimensions—regarding high involvement in business (Rutherford, Kuratko, and Holt 2008). Thus, familiness (considered as an additive construct) may significantly exert a positive influence on family SMEs' export activity.

*H1: Familiness exerts a positive influence on the SMEs' export activity.*

### **Dimensions of the Familiness and SMEs' Export Activity**

Although the familiness–internationalization link is recognized as important, both in theoretical and in some managerial policies,

studying the different familiness dimensions becomes even more interesting in order to disentangle their effects on SMEs' degree of internationalization. As it was shown in the literature review, it seems clear that the family character influences the internationalization of the firm through different and often contradictory means. In order to deeply examine the relationships between the family involvement and the family SME's degree of internationalization, we developed below the expected influences of power, experience, and culture dimensions of the familiness construct.

The power dimension of the familiness assesses the additive degree of overall dominance in the hands of family members via ownership, management, and governance (Astrachan, Klein, and Smyrniotis 2002; Holt, Rutherford, and Kuratko 2010; Klein, Astrachan, and Smyrniotis 2005). Family SMEs are usually characterized by the presence of one main owner/decision-maker (Arosa, Iturralde, and Maseda 2010), facing the necessity of exploiting international opportunities and the wish to keep family control through low-risk projects within national markets (Gomez-Mejia, Makri, and Larraza-Kintana 2010; Wang 2006). In that vein, general evidence on SMEs, in which a high concentration of ownership in family-owner exists, conclude that family ownership was seen as a negative indicator of internationalization (Gallo, Tapias, and Cappuyns 2004; Wang 2006). Because the family tries to keep the control of the company, preserving the wealth for the future, those firms where ownership is more concentrated will show a smaller probability of internationalization (Gomez-Mejia, Makri, and Larraza-Kintana 2010; Okoroafo 1999). From a managerial perspective, conservatism, lack of professionalism/expertise, and the inward vision of top management teams that characterize family SMEs dominated by first generations (Sciascia et al. 2012) suppose a negative influence of management and governance on the internationalization (Fernández and Nieto 2006; Graves and Thomas 2006; Olivares-Mesa and Cabrera-Suárez 2006). Even after recognizing the flexibility of the family SMEs' top management team, which allows them to rapidly react to new international opportunities (Kontinen and Ojala 2011), Naldi and Norqvist (2008) agree that the closeness of the governance to the family (when most of the top managers are family members) influences the firm internationalization in a negative way. These authors argue

that external managers enhance firm internationalization because opening the governance structure to nonfamily members inserts the firm into a larger network that facilitates additional contacts, links, and the possibility to obtain the necessary resources to deal with the complexity of internationalization. As Wang (2006) concludes, family SMEs have traditionally operated in domestic markets because of the substantial and long-term presence of families in management and governance of these firms and their concern with preserving the family control in order to pass the business to future generations.

*H2: The power dimension of the familiness exerts a negative influence on the SMEs' export activity.*

The experience dimension of the familiness makes reference to the generation and to the number of family members contributing to the business (Astrachan, Klein, and Smyrniotis 2002), considering that the level of experience gained from the succession process contributes to improve the family firm competitiveness (Holt, Rutherford, and Kuratko 2010). Broadly speaking, Graves and Thomas (2008) support that the entry onto the scene of new generations is seen as having a positive influence on internationalization, although generational change sometimes has no influence, or even has a negative influence on internationalization. More specifically, Casillas, Moreno, and Acedo (2010) argue that earlier generations contribute mostly to the family firm's knowledge capital, whereas the following generations are involved to a greater extent in the family firm's future strategies, such as engaging in export activities. Other studies also find the positive impact of new generational involvement in internationalization based on the probability of diluted family influence or control on business operations (Westhead and Howorth 2006). In this line, Fernández and Nieto (2005) underline the importance of the family generation in charge when the family firm engages in international activities, concluding that second and subsequent generations are more prone than the founder to start exporting. In a similar vein, Menéndez-Requejo (2005) also finds that new generations in family SMEs have a positive influence on the internationalization of family firms. Furthermore, Okoroafo (1999) and Okoroafo and Perry (2010) expand these findings showing that if a family firm does not

become involved in international business in the first or second generation, it is unlikely to do so in the third one. Beyond the generational moment, Graves and Thomas (2008) point out that most family SMEs internationalize according to the Uppsala model, although some of them internationalize rapidly, which are known as born global firms. Finally, in the same sense, Claver, Rienda, and Quer (2007, 2009) show that the generation's progression in family SMEs positively influences the establishment of international alliances.

*H3: The experience dimension of the familiness exerts a positive influence on the SMEs' export activity.*

The cultural dimension of the familiness considers the extent to which family and business overlap, including the family's commitment to the business (Holt, Rutherford, and Kuratko 2010; Klein, Astrachan, and Smyrniotis 2005). Successful family SMEs tend to have the family's values and culture deeply embedded into their business strategies, raising the possibility of consensus in developing international activities (Mittelstaedt, Harben, and Ward 2003). Vallejo-Martos (2011) shows that some cultural aspects can be a key factor for competitiveness for family firms and, more specifically, Casillas and Acedo (2005), Casillas, Moreno, and Acedo (2010) and Segaro (2010) corroborate these aspects, showing the positive influence exerted in SMEs internationalization establishing international joint ventures by resources like trust, altruism, social capital, commitment, and network ties—all of these related to family values and culture (Svinth and Vinton 1993). Amplifying this dimension's scope, Tsang (2001) finds that the full transfer of the family culture to the family international businesses facilitates the success of the international expansion process. By this process, the company achieves the cultivation of a family atmosphere and a sense of belonging among its different managers and employees over the several international subsidiaries. Additionally, some studies based on the family social capital—defined as the shared vision and purpose, as well as a unique language, stories, and culture that are commonly known and understood (Danes et al. 2009)—show that individual's dimensions of the social capital affect the acquisition of foreign market knowledge, fostering SMEs' internationalization

(Lindstrand, Melen, and Rovira Nordman 2011). Finally, studies based on the concept of born global firms show how personality traits of family owners, personal network of the family members, as well as the family commitment on the international strategy of the business have been some of the most important cultural dimension variables that significantly explain the successful SMEs' internationalization process (Anderson, Jack, and Dodd 2005; Zahra et al. 2008).

*H4: The culture dimension of the familiness exerts a positive influence on the SMEs' export activity.*

## **Methodology**

### **Data**

In order to test empirically the hypotheses raised in the previous section, we collected data from Spanish SMEs. The initial population, extracted from the OSIRIS database (from Bureau Van Dyck Electronic Publishing), consisted of a total of 5,113 family and no-family companies of between 25 and 249 employees from all the manufacturing industries in Spain. A telephonic survey was conducted with this population between February 8 and March 1, 2011, obtaining information from 500 firms, representing a return rate of 9.78 percent. In the final sample, 200 firms can be considered as small organizations (between 25 and 49 employees) and 300 fit into the medium-size category (between 50 and 249 employees). One of the questions addressed directly whether the firm was considered as a family firm or not, with family firms representing 56.4 percent of the sample, although not all of them could be used in the empirical analysis because some did not answer fully to the raised questions. Finally, it should be noted that the survey was addressed to the chief executive officer because his/her position guarantees in-depth knowledge of the global policies studied here.

### **Variables' Measurement**

*Export Activity.* The export activity is measured in two ways: first, through the firm's export propensity, which is a categorical variable indicating whether the firm exported during the previous year (2010) and second, through the firm's export intensity, which measures the percentage of total sales that go abroad (exports). Both variables are used in the majority of studies about the export orientation

of the firm (Katsikeas, Leonidou, and Morgan 2000). Among the international modes of entry, the export activity is the most common for the firm, especially for family firms (Fernández and Nieto 2005; Okoroafo 1999), because it requires committing fewer resources (in comparison with foreign investments) and therefore implies fewer risks.

*Familiness.* The family involvement has been measured through the F-PEC scale of familiness proposed by Astrachan, Klein, and Smyrniotis (2002). The F-PEC scale is widely accepted in the literature (Rutherford, Kuratko, and Holt 2008), as well as strongly confirmed in terms of measurement properties gathering the concept of family involvement (Holt, Rutherford, and Kuratko 2010; Klein, Astrachan, and Smyrniotis 2005). The original F-PEC scale has been adapted to the characteristics of Spanish SMEs. Astrachan, Klein, and Smyrniotis (2002) argue that the F-PEC provides an appropriate measure of the familiness of a firm based on a continuous scale evaluating the degree of influence of the family on the business on a continuum basis. Then, the familiness construct is composed by a set of three subscales' scores (see the Appendix): the first one measures the power dimension (question 1, items 1 to 3); the second measures the experience dimension (question 1, items 4 to 6); and the third measures the cultural dimension (question 2, items 1 to 8).

A confirmatory factor analysis (CFA) was run using the maximum likelihood method to evaluate the reliability and validity of the F-PEC scale. Results are shown in Table 1. Previously, items 2 and 5 of the power and experience dimensions and items 1 and 6 of the culture dimension have been respectively eliminated because they do not present enough factor loadings in the exploratory factor analysis. Having refined the F-PEC scale, the CFA results indicate that each of the items loaded on its corresponding factor, with significant *lambda* parameters higher than 0.6. With regard to the consistency of each factor, the results show appropriate levels of average variance extracted as well as composite reliability values. The convergent validity of the scale was confirmed through the value of each of the items (such as the minimum must be larger than 0.5) and its significance ( $t > 1.96$ ). Also, the discriminant validity was confirmed by calculating the confidence interval for each

**Table 1**  
**Reliability and Validity of F-PEC Scale of Familiness<sup>a</sup>**

Variable/Items	$\lambda_{c.e.} (t)$	$R^2$	Reliability
Power dimension			
Think of the main owner (and his/her family) of your firm and answer:			$\rho_c = 0.84$ AVE = 0.73
1. Proportion of share ownership held	0.994 (15.206)	0.988	$\alpha = 0.80$
3. Proportion of executive positions occupied by family members	0.687 (20.139)	0.471	
Experience dimension			
Which family generation the family . . . ?			$\rho_c = 0.78$ AVE = 0,63
4. Owns the company	0.806 (9.433)	0.652	$\alpha = 0.78$
6. Manages the company	0.787 (14.471)	0.616	
Cultural dimension			
The family owner . . .			
2. Shares similar values to the business	0.959 (14.546)	0.918	$\rho_c = 0.98$ AVE = 0.88
3. Is proud of the business	0.987 (65.566)	0.974	$\alpha = 0.98$
4. Cares about the fate of the business	0.992 (68.457)	0.984	
5. Understands and supports decisions regarding the future of the business	0.988 (66.320)	0.977	
7. Is really affected by the conflicts that occur in the firm	0.763 (24.787)	0.582	
8. With his/her family values, helps to generate a good atmosphere in the firm	0.923 (43.401)	0.852	
Confirmatory factor analysis (CFA) goodness of fit			
$\chi^2(32) = 126.24$ ( $p = 0.000$ ), NFI = 0.984, NNFI = 0.983, CFI = 0.988, IFI = 0.988, MFI = 0.911, GFI = 0.952, AGFI = 0.917, RMSEA = 0.03			

<sup>a</sup> $\alpha$ , Cronbach's alpha;  $\rho_c$ , composite reliability; AGFI, adjusted goodness-of-fit index; AVE, average variance extracted; CFI, comparative fit index; GFI, goodness-of-fit index; IFI, incremental fit index; MFI, McDonald fit index; NFI, normed fit index; NNFI, no-normed fit index; RMSEA, root mean square error of approximation.

pair of factors (+/- two times the standard error) and checking that none of them contain the value 1. This allows us to state that the three dimensions of familiness are adequately represented through the F-PEC scale. Finally, the adjustment of the model indicators pointed out that the power, experience, and cultural dimensions converge in a single latent factor. As can be seen in Table 1, the various indicators of adjustment follow the values recommended by the literature: NFI, NNFI, CFI, IFI, MFI, GFI, and AGFI higher than 0.9 and RMSEA lower than 0.08 (Hair, Black, Babin, Anderson, and Tatham 2010). All these results validate the internal consistency, multidimensionality, and validity of the F-PEC scale of the familiness.

These three variables (power, experience, and culture), which capture the three dimen-

sions of familiness that the F-PEC scale propose, serve also to build a construct that summarizes the familiness character of each firm. To do this, we have gathered the values for each of the three dimensions, as shown in the Appendix. Then, the values for each dimension are classified through a z-score transformation. This is due to the fact that these variables are recorded in different units and, in these cases, a z-score transformation places variables on a common scale for easier comparison. Finally, the familiness construct is calculated by adding these classified values of the three F-PEC dimensions. In this way, we have a single variable that captures the familiness character of the firm to test H1.

*Control Variables.* The empirical model that relates the export activity to the familiness

needs to take into account other firm characteristics that affect the export activity. The set of control variables includes the firm size (through the log of the number of employees), the age of the firm, its productivity, which is measured with the Malmquist index,<sup>1</sup> and a set of dummy variables to collect the firm industry technology intensity. Firm size is relevant to firm exports to the extent that there are some fixed costs (a large part of them with a sunk character) and, consequently, larger firms are more prone to export, and doing so to a greater extent (Roberts and Tybout 1997). The age of the firm is a proxy for the accumulated experience and knowledge that can be necessary to serve foreign markets, which tend to be more complex than the home market. Concerning the firm productivity, there is a large amount of literature that establishes both theoretically and empirically that more productive firms will have an advantage in engaging in international activities (Hayakawa, Machikita, and Kimura 2012; Helpman, Melitz, and Yeaple 2004). Finally, the industry's technological sophistication must be considered when analyzing the firm's international strategy (Hagedoorn and Narula 1996; Stoian, Rialp, and Rialp 2011). In accordance with these studies, we controlled for the industry's technological intensity (ITI) by employing two dummy variables—one for high-tech industries and another one for low-tech industries—that indicate the technological intensity of the industry where the firm is included—categories are established according to the Organisation for Economic Co-operation and Development criteria (OECD 2011).

The empirical models relate a dependent variable that in one case is binary (yes/no exports) and in the other one is left censored (there are no values for the export/sales ratio below zero). Thus, the econometric models need to take into account those characteristics. The first case (whether the firm exports or not) is estimated through a probit model, whereas the second one (the export–sales ratio) applies the tobit specification, which is adequate for this case.

## Results

Table 2 presents the descriptive statistics of the variables to be used in the econometric analysis. Focusing on the export activity of the firms, the mean values of the export intensity and export propensity variables shows that most of them (68.8 percent) are exporters and they dedicate slightly more than 20 percent of their shipments to foreign markets. Additionally, as can be seen, most of the values of the correlation coefficients are below 0.56, which is the maximum value recommended for the test of multicollinearity (Leiblein, Reuer, and Dalsace 2002). Therefore, it can be presumed that the impact of these correlations can be evaluated using a test for inflation of variance that effectively reached maximum variance inflation factors (VIFs) around 1.9.<sup>2</sup> These levels are considerably lower than 10, which suggests that the results are not biased by multicollinearity (Baum 2006).

A first glimpse of the differences in the three dimensions of the familiness represented by the F-PEC scale is shown in Figure 1, where average values for exporters and non-exporters are presented (and rescaled for presentation purposes). As depicted, exporters exhibit larger values in the cultural and especially in the experience dimensions, whereas their average value is lower for the power dimension. It must be noted that this first approach with just the average values of the two sets of firms is in accordance with H2, H3, and H4.

In Tables 3 and 4, we report the econometric models that show the effect of the family involvement on the export activity of firms. In both tables, the first model characterizes the firm according to the familiness measure, whereas the second one includes the three variables that capture each one of the dimensions in base of F-PEC scale and that may have a different influence on the family firm's international activities, allowing us to test H2 to H4. Finally, the third model includes three additional variables in order to capture whether there is some kind of interaction between the

<sup>1</sup>The Malmquist index is calculated through  $\ln(TFP_i) = (\ln(y_i) - \overline{\ln(y_i)}) - \frac{1}{2} \sum_j (s_{i,j} - \bar{s}_j) \cdot (\ln(x_{i,j}) - \overline{\ln(x_j)})$ ,

where  $y_i$  is the output of firm  $i$  ( $i = 1, \dots, N$ ),  $s_{i,j}$  is the weight of each input  $j$  (in the  $i$ -th firm), and  $x_{i,j}$  is the amount of  $j$ -th input; the terms with a bar being the average for all the firms in each sector. See Caves, Christensen, and Diewert (1982) for details.

<sup>2</sup>Maximum VIF for each variable (there is one different VIF for every model): size = 1.17; age = 1.14; productivity = 1.19; ITI = 1.03; familiness = 1.12; power = 1.14; experience = 1.14; and culture = 1.13.

**Table 2**  
**Means, Standard Deviations, and Correlations<sup>b</sup>**

	Observation	Mean	S.D.	1	2	3	4	5	6	7	8	9	10	11	12
1.	Export Intensity	20.92	27.03												
2.	Export Propensity	0.69	0.46	0.57*											
3.	Familiness <sup>a</sup>	0.14	1.81	-0.03	0.11										
4.	Power	222.98	65.41	-0.07	-0.08	0.69*									
5.	Experience	3.52	1.42	0.02	0.12	0.65*	0.15								
6.	Culture	35.66	4.31	0.09	0.14*	0.56*	0.06	0.05							
7.	Productivity	-0.20	1.41	-0.09*	-0.08	-0.09	0.04	-0.08	0.00						
8.	Age	22.70	15.23	-0.12*	-0.03	0.25	0.18*	0.21*	0.08	0.21*					
9.	Size <sup>a</sup>	4.00	0.69	0.29*	0.25*	-0.19*	-0.27*	0.09	0.09	-0.08	-0.09*				
10.	Low ITI	0.38	0.49	0.03	0.00	0.03	0.04	0.10	0.10	-0.05	0.01	0.03			
11.	Medium ITI	0.60	0.49	-0.02	-0.00	-0.00	-0.03	-0.07	-0.07	0.05	-0.01	-0.03	-0.96*		
12.	High ITI	0.02	0.14	-0.05	0.00	-0.08	-0.04	-0.11	-0.10	0.02	0.00	-0.01	-0.12*	-0.17*	

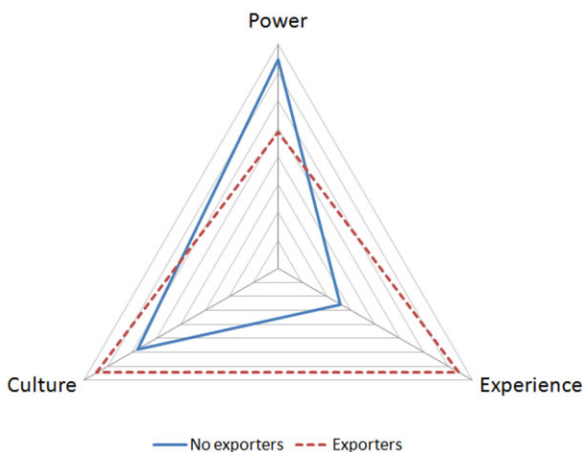
<sup>a</sup>Size is taken as natural logarithm.

<sup>b</sup>ITI, industry technological intensity; S.D., standard deviation.

\* $p < .05$ .

## Figure 1 Rescaled Values of the Familiness Dimensions

Average values of the 3 F-PEC dimensions according to international activities



**Table 3**  
**Effect of the Familiness Dimensions on the Export Propensity of the Firm (Probit Model for Export Propensity)**

	Model 1 (n = 134)	Model 2 (n = 134)	Model 3 (n = 134)
Constant	-2.02** (0.02)	0.96 (0.52)	-4.34*** (0.00)
Familiness	0.14** (0.04)		
Power		-0.00 (0.70)	-0.00 (0.64)
Experience		0.22** (0.04)	0.27** (0.03)
Culture		0.05* (0.10)	0.47 (0.15)
Power × Experience			-1.94 (0.21)
Power × Culture			-0.04 (0.79)
Experience × Culture			0.17 (0.36)
Size	0.69*** (0.00)	0.63*** (0.00)	0.69*** (0.00)
Age	-0.00 (0.77)	-0.00 (0.69)	-0.00 (0.71)
Productivity	-0.07 (0.44)	-0.04 (0.70)	-0.05 (0.58)
Low Industry Technology Intensity	-0.39 (0.11)	-5.66*** (0.00)	-0.41 (0.11)
R <sup>2</sup>	0.12	0.15	0.16
Log Likelihood	-69.47	-67.29	-66.41
Wald $\chi^2$	18.97*** (0.00)	23.34*** (0.00)	25.09*** (0.00)

\* $p < .1$  ( $p$ -value in parentheses).

\*\* $p < .05$ .

\*\*\* $p < .01$ .

**Table 4**  
**Effect of the Familiness Dimensions on the Export Intensity of the Firm (Tobit Model for Export Intensity)**

	Model 1 ( <i>n</i> = 128)	Model 2 ( <i>n</i> = 134)	Model 3 ( <i>n</i> = 128)
Constant	-44.99** (0.04)	-1.00 (0.14)	-75.55** (0.04)
Familiness	1.98 (0.28)		
Power		-0.00 (0.69)	-0.00 (0.87)
Experience		0.08** (0.04)	3.18 (0.18)
Culture		0.02* (0.09)	0.80 (0.36)
Power × Experience			-1.60 (0.62)
Power × Culture			-1.08 (0.77)
Experience × Culture			-6.81 (0.13)
Size	17.13*** (0.00)	0.22*** (0.00)	15.34*** (0.00)
Age	-0.32 (0.21)	-0.00 (0.80)	-0.30 (0.24)
Productivity	-0.48 (0.84)	-0.01 (0.80)	0.23 (0.92)
Low Industry Technology Intensity	-7.68 (0.22)	-0.32 (0.42)	-6.91 (0.27)
<i>R</i> <sup>2</sup>	0.02	0.08	0.02
Log Likelihood	-477.38	-118.21	-475.57
Wald $\chi^2$	19.94*** (0.00)	21.56*** (0.01)	23.57*** (0.00)

\**p* < .1 (*p*-value in parentheses).

\*\**p* < .05.

\*\*\**p* < .01.

Thirty-seven left-censored observations and 90 uncensored observations.

dimensions, that is, if there is some kind of interaction between any pair of them.

The statistical validity of these models is assessed on the basis of the test of joint significance of the parameters (a better measure of goodness of fit than *R*<sup>2</sup> when the model is nonlinear) as well as the rejection of possible endogeneity of the export and familiness variables by means of an instrumental variable model. Additionally, the potential endogeneity of our main explanatory variable was tested (i.e., whether the family firm export activity impacts on the familiness variable). In doing so, an instrumental variable strategy is followed, using specifically a two-stage least square one. First, to identify a valid instrument (correlated with the potentially endogenous variable but uncorrelated with the dependent variable), several correlation tests are carried out. Following Sirmon, Chirico, and Ireland (2012), the selected potential valid instrument was “the number of family members in the top management team,” and all the correlation tests are developed on this variable, which revealed

to be a good instrument because it is significantly correlated with the standardized familiness covariate, and not with the dependent variable of our probit model (export propensity). Second, after such identification, a Durbin-Wu-Hausman test is made to check if we have to address definitively any endogeneity issue, obtaining that the residuals of the first model are nonsignificant on the outcome variable of the probit model, which confirms that the familiness variable is exogenous and it does not need to be instrumented.

Finally, it must be noted that the interpretation of the coefficients ( $\beta$ ) of nonlinear models such as probit and tobit is not so straightforward as in linear models. As the effect of the covariates on the independent variable is nonlinear, it needs to be evaluated through appraising the specific value of the explanatory variables. Just using the arithmetic expression (see Greene 2012, chapters 17 and 19 for details), the marginal effect of each of the explanatory variables on the dependent variable can be calculated and, therefore, the

coefficients of the model show their different impact. Additionally, it must be noted that because the units of each covariate are quite different (for instance, size is measured in the log of the number of employees, age is the number of years, each of the familiness dimensions have their own rank, etc), the estimated coefficients are adapted accordingly to the variables' characteristics.

The results of the empirical analysis show that the effect of the familiness variable (the construct that summarizes the three dimensions that the F-PEC scale distinguishes) is positively related to the export status of family firms (the coefficient in the probit model in Table 3 is positive and statistically significant), whereas it does not affect the export intensity of the firm. With these results, we find a partial support for H1 because they imply a greater propensity to serve international markets, while it does not affect the share of the total sales that are sold abroad.

As it was discussed in the theoretical section, the concept of familiness is poorly captured by just a single variable, given that it summarizes this construct in just one dimension. The conceptualization of its main characteristics in base of three dimensions provides a clearer image of how family firms face exports. Empirical models 2 in both Tables 3 and 4 disentangle the familiness concept in these dimensions that the F-PEC scale proposes.

The first remarkable result, when disentangling the familiness variable in the set of dimensions that the F-PEC scale proposes, is a complete change in the main conclusion. As can be seen in Tables 3 and 4, when just considering the familiness covariate, the conclusion would be that it affects the export propensity (familiness is significant in model 1 of Table 3), but once the firm has become an exporter, it does not affect significantly to the export intensity of the firm (familiness is not statistically significant in model 1 of Table 4). However, the conclusions change when the different dimensions that shape the concept of familiness are considered separately, and the econometric estimation shows their effect on the two variables measuring the export activity of the firm. As can be seen, the results for the propensity of being an exporter (the probit

model in Table 3) and for the export intensity (the tobit model in Table 4) are quite similar; nevertheless, when disentangling the three dimensions, we obtain a more accurate knowledge of the characteristics of family firms that affect their internationalization. Even more, the dimensions of the familiness that seem to affect the export propensity and the export intensity are the same and with the same sign.<sup>3</sup> The power dimension is not statistically significant. It implies that exerting a tighter control (in terms of the F-PEC scale) does not show a statistically significant association with the firm export activity. It supposes a lack of support for H2, indicating that control is not relevant, or that it may be exerted beyond the participation in the ownership and governance of the firm. This result is in line of the negative effects raised by Gomez-Mejia, Makri, and Larraza-Kintana (2010) and Okoroafo (1999) when stating the desire of the owners to avoid internationalization in order to keep control of the firm.

Moreover, the knowledge that the experience dimension captures and those values linked to the cultural characteristics of the F-PEC scale seem to be positive factors when exporting. This argument in favor of a positive effect of experience on the firm international activities was explained by the specific generation in charge of the firm (Casillas, Moreno, and Acedo 2010; Graves and Thomas 2008). In order to get a further insight on the generational effect on the export activity, an additional dummy variable for those firms run by the first generation (zero if the management is led by subsequent generations) was included in the model, as well as the interactions with the three dimensions of the F-PEC scale. As we cannot assure that the coefficient for this variable (as well as the multiplicative ones) is different from zero, we find support for the idea that the variable experience, as the F-PEC scale includes, captures additional elements to the generational moment that are relevant for the export activity. In any case, those studies focused on how the family generation affects the export activity are not usually limited to the people in charge of the firm, as the experience dimension of the F-PEC scale does.

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<sup>3</sup>The coefficients are not comparable because the export propensity is a binary variable and the model is a probit, whereas the export intensity is a censored variable estimated with a tobit.

The positive support for the relevance of the culture dimension (H4) is in consonance with the results of previous papers, such as those from Casillas, Moreno, and Acedo (2010) or from Mittelstaedt, Harben, and Ward (2003), who remark that the cultural values that specifically characterize family firms enhance their international activities.

None of the interactions between the three variables that capture the dimensions of the familiness (models 3 in Tables 3 and 4) are statistically significant in any case, which implies that there is no multiplying effect between them and that the additive nature of the familiness variable (used to test H1) seems adequate to capture these effects.

Regarding the control variables, two results can be underlined. First, as many other papers have already shown (see, e.g., Verwaal and Donkers 2002), size is positively related to both measures of the export activity, which demonstrates that larger firms have additional resources to cover the entry costs of exporting. Second, the statistical significance of this variable confirms the argument from Fernández and Nieto (2005), who state that the average small size of the Spanish family firms is one of the main causes for the family firms' internationalization delay. According to their argument, and as our results also show, the larger family organizations can overcome this constrain when facing the export venture.

On the other hand, the technological intensity of the industry seems to be important, as suggested by Hagedoorn and Narula (1996) or by Stoian, Rialp, and Rialp (2011). Firms in industries with low technological intensity are present in international markets to a lesser extent (as can be seen in model two, Table 3), but once they are there, they achieve a similar percentage of sales. Consequently, for these firms, it seems that the perceived fixed entry costs are what limit their entrance to the international markets. The lack of significance of the variable that captures the age of the firm can be explained by the fact that the resources and expertise that older firms may have are already included in the variable that capture the firm experience. Finally, although the literature has usually remarked that exporters are more productive than non-exporters, there is a large debate whether this result is due to a previous selection effect or to a learning process that is developed when the firm is present in foreign markets and face stronger competition (see,

for instance, López (2009) for Chile, Kim, Gopinath, and Kim (2009) for South Korea, or Kox and Rojas-Romagosa (2009) for the Netherlands).

## ***Discussion and Conclusions***

A literature review reveals that the majority of studies examining the internationalization of family firms employ a family versus nonfamily comparison based almost exclusively on family ownership and management. This could be a simplistic and therefore problematic characterization for approaching the study of export behavior in family SMEs. According to Rutherford, Kuratko, and Holt (2008), the familiness approach allows researchers to study family involvement as discrete factors, which in turn, facilitates the examination of how the three dimensions of familiness—power, experience, and culture—should influence the firm export behavior.

Whereas some authors conclude that family ownership and involvement (with all the consequences it entails) has a positive impact on the internationalization of a business (e.g., Carr and Bateman 2009; Zahra 2003), others contradict this, arguing that these family-related factors have a negative impact on the firm's international activities (e.g., Fernández and Nieto 2006; Graves and Thomas 2006). Some scholars even find no difference between family and nonfamily firms regarding certain dimensions of internationalization (e.g., Pinho 2007; Cerrato and Piva 2010).

Departing from these mixed arguments, this paper remarks the need to disentangle the different elements embedded in the family firm character to analyze the determinants of internationalization of family SMEs, differentiating the relevant characteristics that may affect the export behavior. Based on a sample of Spanish family SMEs, the results effectively confirm that this approach better identifies the family factors influencing the export activity of family SMEs. Specifically, a high proportion of our hypotheses are confirmed, globally indicating that the expertise from different generations and the composition of the family business culture affect the export activities of family SMEs positively. Conversely, factors related to family ownership and management does not have any significant influence on internationalization.

Despite the fact that when we assess the familiness degree of a firm with a single dimension we find that the more "familiar" firms are

more likely to become exporters, the proposed approach to the problem provides a clearer vision of the question. Thus, we suggest the use of a wider perspective, disentangling those factors that characterize a family firm to determine their relationship with the firm's international activities, instead of a single indicator of its familiness. In doing so, we propose to use the well-established F-PEC scale, originally proposed by Astrachan, Klein, and Smyrniotis (2002). Accordingly, the following elements should be considered.

Regarding the power dimension, it is important to take into account that because this dimension measures the overall influence of the family on the firm, the negative value of its coefficient confirms the argument by Gomez-Mejia, Makri, and Larrazza-Kintana (2010) that family firms are less internationalized than their nonfamily counterparts. This may be due to their concern of preserving the family control in order to pass the business to future generations (Wang 2006) and therefore, their tendency to avoid the risks associated with their foreign expansion (McConaughy, Matthews, and Fialko 2001). Nevertheless, the power dimension shows no significant effect on both measures of export activity. The explanation for this finding may be that none of the restraining factors stressed by Gallo and Pont (1996) refer to the (influence) power in terms of the family involvement in the ownership or governance/management, but to other restraining factors, such as the family attitude, the preparation of its members, or the lack of resources from which the family firm suffers. This suggests that the power dimension is not so important when explaining the family firm export activity.

The empirical analysis has shown that the experience dimension is positively related to both the export propensity and the export intensity of the firm, as suggested by the second hypothesis. This result is in line with the study by Fernández and Nieto (2005) in a double sense: first, when underlining the importance of which generation is running the firm, and second, when they argue that the second and third generations are more prone than the founding one to start exporting in family SMEs. In particular, the positive effect of this dimension agrees with the finding by Casillas, Moreno, and Acedo (2010), who point out that the following generations to the founding are more prone to participate in strategies for engaging

in export activities. In the same vein, Menéndez-Requejo (2005) finds that within the Spanish context, new generations in family SMEs favor family firm internationalization.

Regarding the culture dimension, the positive effect of this dimension confirms that those firms performing successfully (considering the firm internationalization as one important manifestation of the firm behavior) share some values with the family. In this sense, Kontinen and Ojala (2010) underline two important advantages of the family firm—strong values and a high long-term commitment level—that favor engaging in international networks and being trustful. Obviously, these two elements make the firm internationalization process easier. For Tsang (2001), the identification of the family culture with that of the firm increases the commitment of every employee to the organization and therefore to its main performance indicators, among which the firm export activity stands out.

Moreover, the effect of this overlap on the firm export activity means that the families ruling the family firms of the sample have the required family human capital and, moreover, the will and the knowledge required to transfer it to the firm in order to use it within the family firm (as family social capital, according to Danes et al. 2009). Besides, the consideration from Fernández and Nieto (2005) needs to be taken into account: because the different values within the family make it impossible to transfer family to social capital, and therefore worsen the decision-making process in several strategic fields, such as the internationalization one, our findings show the non-contradiction between the values of the family and these of the family organizations of our sample.

In sum, we may reach several conclusions in this paper. First, the familiness approach based on Astrachan, Klein, and Smyrniotis's (2002) F-PEC scale adequately captures the family firm characteristics—power, experience, and culture—influencing the development of export activities, because internationalization implies risks, requires resources, and engages the firm in a different culture network. Second, among these dimensions, culture and, to a greater extent, experience exert a high impact on the export activity of the family firm. Therefore, according to the theoretical predictions, those firms run by new generations (more prone to risky ventures, such as internationalization, than the founding generation) and sharing the

same values as the family show a more intense export activity than those managed by older generations and/or whose values differ from those of the family.

## **Implications**

Regarding this paper's contribution to the research field, we have tried to overcome the short sightedness caused by using a single definition of family firm by using the familiness concept based on F-PEC scale created by Astrachan, Klein, and Smyrniotis (2002). This richer consideration of family firms allows the disentanglement of three important and different dimensions when studying the family firm, while tapping more appropriately into the characteristics of the family firm. Moreover, the F-PEC scale is suitable because it provides reliable and replicable results (Astrachan, Klein, and Smyrniotis 2002), as well as comparable findings among different family firms (Naldi and Norqvist 2008).

Moreover, family firms' managers can use these findings to generate a situation that favors the internationalization of the firm. According to our results, managers should favor an adequate succession because the experience dimension was shown to be one main facilitating determinant of the export propensity of the family firm. Besides, the overlap between the family values and those of the family firm appeared to be crucial to success during the export venture. Nevertheless, confrontation and lack of will when transferring the values from the family to the firm should be avoided because they would prevent family human capital from being turned into social capital.

## **Limitations and Future Research**

Some limitations of this study should be mentioned. In the first place, the firm's export activity is affected by many variables that cannot be easily controlled, meaning that the results of this study, like those of other investigations, should be treated with caution. Another factor that limits the generalization of these results is that the study focuses on the manufacturing sector. Thus, at least three future lines of research emerge. First, carrying out a longitudinal study that considers the time evolution in the characterization of both the firm familiness and the export activity, because it would allow a better explanation of the causal effect within the variables considered.

Second, analyzing the role that the family firm dimensions play when considering other international activities beyond exporting, such as foreign investments or international licenses. And third, as Naldi and Norqvist (2008) point out, given the general heterogeneity of the family firm population, we would like to encourage the use of the F-PEC scale to compare the internationalization of different kinds of family firms.

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- 3 What proportion of executive positions is occupied by family members? \_\_\_\_\_percent
  - 4 Which generation owns the company? Founder Other: Which one? \_\_\_\_\_
  - 5 Which generation manages the company? Founder Other: Which one? \_\_\_\_\_
  - 6 How many family members participate actively in the business? \_\_\_\_\_members
- Please, rate the following assertions. Family owner . . . (1 = completely disagree and 5 = completely agree):

## **Appendix**

### **F-PEC Scale Adaptation**

Please, think of the main owner (and his/her family) of your firm and answer:

- 1 Proportion of share ownership held by:  
Family of main owner \_\_\_\_\_percent  
Other nonfamily owners \_\_\_\_\_percent
- 2 Does the business have a governance board?  
No Yes What proportion of its members is familiar? \_\_\_\_\_percent
- 1 Has influence on the business
- 2 Shares similar values with the business
- 3 Is proud of the business
- 4 Cares about the fate of the business
- 5 Understands and supports decisions regarding the future of the business
- 6 Knows to differentiate the business aspects from those of the family
- 7 Is really affected by the conflicts that occur in the firm
- 8 With his or her family values, helps to generate a good atmosphere in the firm