

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

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Exporting is the most common form of internationalization at family controlled small and medium enterprises (SMEs). Compared to other ways of entering foreign markets, exporting requires fewer resources and business functions, and offers greater management flexibility. However, family influence on export activity remains to be adequately examined. This paper studies 500 Spanish family firms and probes the influence of familiness on SMEs' export activity. This summary concisely presents the study, its findings and practical implications.

Familiness and SMEs' Export Activity

Family firms possess a unique bundle of resources and capabilities on account of the owner family's involvement in business. This bundle is called the 'familiness' of the firm. It may include distinct capabilities of family members, management style, and family value-based organisation culture. Familiness captures the essence of family involvement in business on three dimensions of Power, Experience and Culture (F-PEC).

The authors argue that F-PEC measure is a useful approach to assess the influence of familiness on internationalization of family controlled SMEs. Citing extant literature, they state that family member's involvement in strategic planning process positively influences the firm's international expansion. Family firms with multiple

generations are known to have greater international performance. Family networks investment in the business is positively associated with greater international performance. Hence the authors hypothesize that familiness has a positive influence on the family SME's export activity.

Dimensions of the Familiness and SMEs' Export Activity

The authors argue that though familiness-internationalization link is significant and positive, its individual dimensions may exhibit differences. Hence, it is important to study the influence of each of the three dimensions of power, experience and culture on family SMEs' export activity.

1. **Power:** Family SMEs are generally characterized by one dominant family owner/ decision maker. This individual is likely to ensure the continuity of family control over the business. While international opportunities present themselves, the family leader is likely to continue to look for low-risk expansion within the home country. Thus, the power dimension of familiness is likely to have a negative influence on family SMEs' export activity.
2. **Experience:** This dimension refers to the generation and the number of family members involved in business. New generation's entry in business is viewed

as a positive influence on its internationalization. Inter-generational progression is also found to be crucial in setting up international alliances. Hence, the experience dimension of familiness is likely to have a positive influence on family SMEs' export activity.

3. **Culture:** This dimension refers to the extent to which the family and business overlap. This also includes the family's commitment to business. Family values and culture are deeply rooted in successful family SMEs. This enhances the possibility of consensus emerging on decisions about internationalization. Hence, the culture dimension of familiness is likely to have a positive influence on family SMEs' export activity.

Key Findings

The statistical analysis of data from 500 Spanish family firms found support for all the hypotheses presented by the authors. Familiness was found to have a positive influence on family SMEs' export activity. However, when individual dimensions of familiness and their influence on

internationalization was probed, then power was found to have a negative effect, while experience and culture had a positive effect. This approach clearly identified distinct effects of each of the family related aspects on SMEs' internationalization. The results suggest that firms managed by later generations and those that share the family values are likely to have intense export activity.

Practical Implications

Family firm managers can use the findings of this paper to generate a situation that is favourable to internationalization. More specifically, timely infusion of next generation members will foster export activity in the family firm. This requires adequate planning and implementation of family succession. In addition, values are the key components of the culture dimension. Therefore, it is also important for family firms to ensure that family values are adequately transferred to the firm.

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