The Internationalization of Family Firms: A Critical Review and Integrative Model

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What do we currently know about the internationalization of family firms? To find out, the authors did a critical review of 72 journal articles that were published from 1980 to 2012. The major finding was that the research findings on the impact of family ownership and influence on various aspects of internationalization are very inconsistent. However, the authors were able to develop a model which incorporated (1) the findings from the analysis of the journal articles, (2) theoretical knowledge from the field of international management, and (3) theoretical knowledge from the research on socioemotional wealth. This integrated model should help future researchers develop more consistent findings on this important topic.

These are the four major themes that were found in the analysis of the journal articles:

- family firm heterogeneity
- internationalization processes
- relational/network perspectives
- firm-level resources and capabilities

Table 4 in the paper is an excellent summary of these themes and the research findings that relate to them.

To reconcile the inconsistent findings, the authors develop an integrative theoretical model for understanding the internationalization of family firms (see Figure 1). The model proposes that internationalization is driven by triggers such as external board members and incoming generations, on the one hand, but is slowed by the reluctance of family principals to commit to the establishment of partnerships and the necessary learning about foreign markets. In the model, the impact of such triggers and the subsequent reluctance is reduced or enlarged depending on how family principals frame the current performance of the business. If the business is performing below aspirations, family principals will be more likely to risk internationalization in order to improve the situation, but if it is performing above aspirations, family principals will be more likely to avoid internationalization in order to avoid putting performance at risk.

The authors use the Uppsala model, from the field of international management and social emotional wealth (SEW) when developing their model. For more information about SEW, read “Socioemotional wealth in family firms: Theoretical dimensions, assessment approaches, and agenda for future research,” by Berrone, Cruz and Gomez-Mejia in the September 2012 issue of Family Business Review. To learn more about the Uppsala model, read “The Uppsala internationalization process model revisited: From liability of foreignness to liability of outsidership,” by Johanson and Vahne in the Journal of International Business Studies (2009, pages 1411-1431).

This model provides many avenues for future research. Until more research is done, there can be no clear recommendations for practitioners. However, practitioners interested in learning more about internationalization should find the bibliography of this paper a treasure trove of articles that that deal with the internationalization of family firms.