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- 5/ LEADERSHIP AMBIGUITY AND AMBIVALENCE:
A CRITICAL SOLUTION
B.R. Brocato, Stuart S. Gold
- 16/ INTERNATIONALIZATION OF FAMILY BUSINESSES:
A THEORETICAL MODEL BASED ON INTERNATIONAL
ENTREPRENEURSHIP PERSPECTIVE
José C. Casillas, Ana M. Moreno, Francisco J. Acedo
- 34/ GENDER, GLOBALIZATION AND ETHICS IN PUBLIC
HEALTHCARE SYSTEM: THE CHALLENGES OF NURSES -
MANAGERS IN ENGAGING MORAL DILEMMAS
Helena Desivilya Syna
- 41/ INTEGRATION OF THE REPUBLIC OF KAZAKHSTAN
INTO GLOBAL EDUCATIONAL SCENARIO: FROM REFORMS
IN EDUCATION TO QUALITY ASSURANCE
ENHANCEMENT AND WORLD RANKING PARTICIPATION
Natalya Pak
- 54/ THE IMPLEMENTATION OF RESILIENCE ENGINEERING
TO ENHANCE ORGANIZATIONAL INNOVATION IN A COMPLEX
ENVIRONMENT
René Pellissier
- 74/ SOLVING THE PROBLEMS OF GROUPTHINK IN HEALTH
CARE FACILITIES THROUGH THE APPLICATION OF PRACTICAL
ORIGINALITY
Michael J Snell
- 85/ PERCEPTION OF SUBSTANCE ABUSE ON EMPLOYEES'
PERFORMANCE IN GHANA AIRPORT COMPANY
Evans Sokro
- 100/ MODELLING FOR VALUE-ADDED EDUCATIONAL SERVICE
DELIVERY WITHIN A FIRST-CYCLE DEGREE INSTITUTION:
A BULGARIAN CASE
Vanya Slantcheva-Baneva
- 110/ RATIONALITY AND INTUITION IN CALIFORNIA
AND IN HUNGARY
Zita Zoltay Paprika
- 122/ MANAGING COMPLEXITY IN HIGHER EDUCATION
THROUGH INNOVATIVE WAYS OF INTEGRITY TEACHING
AND INTEGRITY EDUCATION MANAGEMENT USING
INNOVATIVE CASE STUDIES
Peter Odrakiewicz
- 131/ BOOK REVIEW
CUTTING-EDGE SOCIAL MEDIA APPROACHES TO BUSINESS
EDUCATION – TEACHING WITH LINKEDIN, FACEBOOK,
TWITTER, SECOND LIFE, AND BLOGS
Philippa Collins

Internationalization of Family Businesses: A Theoretical Model Based on International Entrepreneurship Perspective

JOSÉ C. CASILLAS
ANA M. MORENO
FRANCISCO J. ACEDO

Departamento de Administración de Empresas and Marketing
University of Seville

Abstract: Family Businesses account for a high percentage of firms in today's economy. One of the main problems firms have to face is the rise in the number and diversity of competitors. In this paper, we propose a global model designed to provide an understanding of the international entrepreneurship of family businesses, departing from an analysis of the theoretical contributions of two separate trends: International Entrepreneurship and the study of family businesses. This model is contrasted by the study of six cases of multinational family businesses throughout their lifetime. Two main elements stand out as determinants of international entrepreneurship for this type of firm: knowledge and family commitment. In addition to these two factors, the model includes other internal and external contingent variables.

Key-Words: Family-own businesses, internationalization, Family Multinationals.

I INTRODUCTION

For the majority of companies, internationalization is one of the main challenges that they must address to secure their survival in an increasingly global and complex environment. But in the case of family businesses, this is doubly challenging. As for any company, entry into foreign markets means breaking into uncertain environments and requires structural changes within the firm – changes in manufacturing processes, new distribution channels, accessing new sources of funding, etc. In addition to this, these firms do not wish to lose family control of the business and are reluctant to adopt any decision that might reduce that family control. In short, family businesses face two opposing forces: the first drives them to grow and expand beyond their traditional markets, whilst the second encourages stability and the development of low-risk projects within the traditional product market.

The few studies that have looked at internationalization and family business seem to indicate the

predominance of the second force over the first, so that family businesses appear to be less inclined to expand their international activities (Okoroafo, 1999; Fernández and Nieto, 2005). However, many family businesses have overcome the challenge with enormous success, becoming family-run multinational companies (FMNCs). These businesses are famous examples of how to combine the desire for international expansion and family control.

Some research questions can be posed regarding these particular characteristics: what was the process of internationalisation within these firms and to what extent can existing theoretical models explain the internationalisation process of these firms? In this paper, we will attempt to partially answer these questions and propose a general model designed to provide an understanding of the international entrepreneurship of family businesses.

In order to depict our model, we have analysed the theoretical contributions of two separate trends:

international entrepreneurship as conceptualized by McDougall and Oviatt (2000), on the one hand, and the study of the internationalization of family businesses on the other. Next, we have analysed six cases of multinational family businesses throughout their lifetime in order to illustrate the proposed model. The longitudinal study of these companies is particularly appropriate in nascent fields seeking to develop new theoretical models (Eisenhardt, 1989). This is the case for the study of family businesses in general and particularly in relation to multinational family businesses, where very few theoretical models exist.

By conducting a review of the literature covering the fields of international entrepreneurship and the internationalization of family business, together with the six longitudinal case studies, we established a set of propositions and a model to explain the international entrepreneurship of family businesses. This model highlights the importance of combining two essential factors: the specific knowledge required for internationalisation (know-how) and the family's commitment to internationalisation (desire). The aim of our proposed model is to provide a means for a better understanding of the phenomenon for researchers who are interested in international business and family businesses, and to improve the practice of managerial teams and owners of family businesses interested in foreign expansion.

2 REVIEW OF THE LITERATURE

2.1 Internationalisation and family business

Interest in the internationalisation of family business is undoubtedly growing. This can be seen in the increasing number of research papers published in recent years (Casillas, Acedo and Moreno, 2007). The following is a summary of how the internationalisation of family business has evolved.

Gallo and Sveen's preliminary article (1991) can be considered to be the first research into the internationalisation of family business. They assume that internationalisation is a positive phenomenon for family firms, which can be driven or restrained by various factors – the firm's strategy and objectives, its structure and organisational systems, the business culture, the evolutionary stage of the firm and the family's international orientation. Five years later, Gallo and García-Pont (1996) included a new determining factor in the international entrepreneurship of family businesses: management attitudes. Okoroafo (1999) investigates a sample of 187 family businesses from Ohio (USA). His study shows that the majority of family businesses do not pursue international activi-

ties and suggests that those firms that do not begin the internationalisation process in the first or second generation find it hard to do so later on. Davis and Harveston (2000) add new variables, such as the founder's age and education level and the role of technology in the international entrepreneurship of the family firm. Tsang (2001) analyses several aspects relating to internationalisation of family businesses from a knowledge and learning-based perspective. According to Tsang, internationalisation for a family business is a process of increasing and iterative learning and experience is an essential variable in this process.

Recent studies have linked the ownership structure with decisions regarding international expansion (Zahra, 2003; George, Wiklund and Zahra, 2005, actualizar con el de 2007). Zahra (2003) suggests that the influence of the ownership structure and the level of family involvement in the internationalisation process can be linked to the level of motivation for improving the company's results in the long term. George, Wiklund and Zahra (2005) propose that the ownership structure influences the propensity for risk and therefore the extent and scale of internationalisation. This latter relationship, ownership structure and perceived risk, has also been defended by Casillas and Acedo (2005), who devised a model that analytically correlates the extent of family involvement with the firm's level of internationalisation, together with a series of external and internal factors – the perceived level of risk, use of agencies or public institutions, the demographic characteristics of the director general, the age of the firm, etc. Their empirical study demonstrates that the degree of family involvement in the firm indirectly influences the level of internationalisation, that is, through the size of the firm and the perceived risks of increasing its international activities (Casillas and Acedo, 2005).

Other studies have analysed the role of the specific resources and capabilities of family businesses in their decisions regarding internationalisation. Fernández and Nieto (2005) link the availability of inactive resources, the degree of family participation in the ownership of the firm, generational changes, and relationships with other firms to the degree of the firm's internationalisation. On the other hand, Menéndez (2005) suggests that family firms do not feel that a lack of resources and capabilities limits their decisions about internationalisation. She also notes a greater degree of international orientation in second-generation firms, compared to those still run by the founding generation (Menéndez, 2005). Finally, Graves and Thomas (2006) demonstrate that family businesses have smaller management teams than non-family firms during the internationalisation

process, probably because they tend to include fewer managers from outside the family. Likewise, the level of professionalisation is lower than in non-family firms. Finally, family businesses are reluctant to seek outside advice (from consultants, public agencies and institutions, business associations etc).

Table 1 is a summary of the main aspects of the existing literature on the internationalisation of family businesses, with a summary of the principal variables we have considered.

To summarise, the literature on the international dimension of family business shows several relevant characteristics. Firstly, it highlights how few studies

have been conducted over the last 20 years. However, interest in this topic is growing, as seen by the dates of the research papers published since the initial work of Gallo and Sveen (1991). Secondly, there is a considerable degree of conceptual fragmentation in the few papers that do exist. The theoretical assumptions differ greatly in each study, as seen in the variety of conceptual frameworks used – family business; international entrepreneurship; agency theory; resource-based view of the firm; etc. In view of this situation, more work is needed to construct more robust theoretical frameworks.

We therefore consider it advisable to firmly estab-

Table 1: Independent variables in the internationalisation of the family firm

Independent variable	Authors
Supra-firm level	
Membership of networks	Fernández and Nieto; Casillas & Acedo (2005)
Firm level	
Firm's strategy and objectives	Gallo & Sveen (1991)
Organisational structures and systems	Gallo & Sveen (1991)
Culture	Gallo & Sveen (1991); Tsang (2001)
Stage of life-cycle	Gallo & Sveen (1991)
Technology	Davis & Harveston (2000)
Resources and capabilities	Fernández & Nieto (2005); Menéndez (2005)
Ownership	
Ownership structure	Zahra (2003); George, Wiklund & Zahra (2005); Casillas & Acedo (2005)
Management	
Professionalisation	Graves & Thomas (2004); Gallo & García-Pont (1996)
Top-Management motivation	Graves & Thomas (2004)
International experience	Tsang (2001)
Family	
International orientation	Gallo & Sveen (1991); Menéndez (2005)
Family commitment	Zahra (2003); Fernández & Nieto (2005); Casillas & Acedo (2005)
Culture	Gallo & Sveen (2001)
Founder	
Leadership	Davis and Harveston (2000)

lish research into the internationalisation of family business by placing it in a better theoretical framework and in a more general field of application. Recent developments in the study of international entrepreneurship can therefore prove to be very useful (Oviatt and McDougall, 1994; Zahra and George, 2002).

2.1 International Entrepreneurship and family business

Internationalization behavior may be described as entrepreneurial (McDougall and Oviatt, 2000), in that it is innovative, proactive and risk-seeking (Covin and Slevin, 1991), and is characterized by the speed and scope of the firm's international endeavors from the outset (Madsen and Servais, 1997; Knight and Cavusgil, 1996). Entrepreneurial behavior and the speed of internationalization are generally considered to be the defining characteristics of born-global firms.

Even so, many family firms cannot be seen under the traditional umbrella of the international entrepreneurship approach, focused mainly on their age at entry, as they present different episodes in which they behave as born-global firms. McDougall and Oviatt (2000) proposed a wider concept for the international entrepreneurship field as a combination of innovative, proactive, and risk-seeking behavior that crosses national borders and is intended to create value in organizations, leaving aside traditional aspects as firm size and age as defining characteristics for the conceptualization of the phenomenon. Bell et al. (2001) stated that "there is also evidence in the literature that firm internationalisation may be precipitated by particular 'episodes' that can lead to rapid international expansion or deinternationalisation". Family firms are characterised by the succession phenomenon, with the difference that this can be managed from a rational perspective. These authors observe that particular 'episodes' can lead to an 'era' of rapid and dedicated internationalisation, in which the role played by the top management is fundamental for its international orientation, commitment and experience, and changes in ownership or management are often the catalyst for a shift in strategic direction leading to internationalisation.

It is this specific attribute which makes the use of the international entrepreneurship approach preferable to internationalisation process models when attempting to explain the internationalization of family businesses. Critics of the process approach point out that we cannot observe business internationalization as an established pattern (Andersen, 1993). Nevertheless, the process approach still remains useful in explaining the crucial role played by knowledge in the internationalization process.

There is a scarcity of literature that attempts to propose models that aid our understanding of the INV phenomenon. Those models that do exist place the origin of the phenomenon in factor relating to environment and industry, while also highlighting the importance of the senior management. Oviatt, Shrader & McDougal (2004) suggest that the top management team is responsible for interpreting the current status of the industry and adjusting the firm to it in line with the company's specific characteristics in order to achieve an international behavior pattern that provides greater performance or a competitive edge. For their part, Zahra & George (2002) see the individual as the origin of the process, so that strategic and environmental factors are mere moderators in our explanation of the firm's international behavior. Oviatt & McDougal (2005) propose an alternative model focused exclusively on the speed of entry into foreign markets. With this model, the authors continue with the vision outlined in their previous work (Oviatt, Shrader & McDougal, 2004), in which the senior manager is responsible for studying the environment, identifying opportunities and acting in consequence. According to the authors, it is this role that justifies the condition of entrepreneurship in the internationalization process.

In their review of the literature, Rialp, Rialp & Knight (2005) propose a model that highlights three key issues: (1) the importance of the firm's intangible resources as generators of international readiness; (2) that firm-specific international capability can be regarded as an unobservable or 'invisible' strategic asset mostly characterized by scarce home-based path dependencies but high levels of tacitness and causal ambiguity in its accumulation process, and (3), that the firm's external environmental conditions play an important role in moderating the way in which intangible resources determine the strategic behavior of INVs.

3 SOME EXAMPLE OF THE INTERNATIONALIZATION PROCESS OF MULTINATIONAL FAMILY BUSINESSES

As mentioned above, many family businesses have managed to overcome the dilemma of expanding international activities to become multinational businesses, without losing control of the ownership of the firm. These are family multinationals - firms that own affiliated companies or subsidiaries, either for manufacturing or commerce, as a result of direct investments abroad (Brooke, 1986), and which, at the same time, maintain control of the firm's ownership and strategic management (Donckels and Frohlich, 1991; Neubauer and Lank, 1998). Such firms exist across a broad spectrum of sectors and countries.

In order to show some examples of the different aspects involved in the internationalization of family firms, we have looked at six such firms, paying special attention to those factors that determine the process of international expansion for this type of company. The examples were retrieved from public information offered by the firms and an analysis of specialist journals. The selected firms reveal some common characteristics that need to be taken into account, thus: (1) they are firms in which one family exercises ownership control; (2) they are firms with a multinational and, where possible, global presence; (3) they are firms with a long history, to enable a longitudinal analysis of the processes; (4) they have undergone a succession process, i.e. they should be in at least their second generation; (5) there is ample information available on the firm relating both to its international expansion and its family history; and (6) the selection should include a sufficient variety of nationalities as to avoid any cultural bias.

Therefore, Heineken (Holland), Michelin (France), Faber-Castell (Germany), SC Johnson, Cargill (United States), and Samsung (South Korea) have been chosen as examples for presenting our model. These are all currently global firms and each one operates in a different sector. The main characteristics of these firms is summarised in Table 2.

4 PROPOSED MODEL FOR INTERNATIONAL ENTREPRENEURSHIP OF FAMILY BUSINESSES

Our literature review of the internationalization process of family businesses in the third section can be used to identify which variables would be significant in the explanation of international entrepreneurship

in this type of business. We have developed our proposed model on the basis of the theoretical literature regarding company entrepreneurship and the existing models that have attempted to study this kind of behaviour (Zahra and George, 2002; Oviatt, Shader and McDougall, 2004; Oviatt and McDougall, 2005), as well as on the literature that specifically covers the internationalisation of family businesses. The model is graphically illustrated in Figure 1.

Our proposed model derives from our examination of the two major factors that influence a firm's chosen strategy to expand internationally: knowledge and

Figure 1: A model of International Entrepreneurship of Family Businesses

Environment

General environment

(cultural, industrial, national, technological,...)

Specific environment

(family, competitive, social,...)

Individuals and teams

Active family members (past)

Passive family members (present)

Non-family members

Managers

Board

International

Strategy

Corporate strategy

Competitive strategy

Knowledge

International Entrepreneurship

Extent

Speed

Scope

Resources & Capabilities

Technological resources & capabilities

Reputation & image, etc.

Table 2: Firms selected for the longitudinal case study

Firm	Activity	Country	Generation	Family	Foundation
Heineken	Beer	Holland	Fourth	Heineken	1864
Samsung	Conglomerate (electronics, advanced technology, financing)	South Korea	Second	Lee	1938
SC Johnson	Domestic products	USA	Fifth	Johnson	1886
Cargill	Diversified (grains)	USA	Fifth	Cargill / McMillan	1865
Faber-Castell	Stationery supplies	Germany	Eighth	Faber-Castell	1761
Michelin	Tyres	France	Fourth	Michelin	1889

commitment. These two factors form the foundation on which to build an international corporate strategy.

Following in Zahra and George's footsteps (2002), we uphold the need to place the individual at the outset of the internationalization process. Thus, although it is true that such behavior may respond to the identification of new opportunities (Oviatt & McDougall, 2005), it is also possible that the firm's international behavior stems from a proactive approach. Therefore, we need to analyse what individual attributes the senior managers and family members possess. Family-run businesses do indeed stand out from others in their search to control the firm from one generation to another (succession), in the involvement of family-members in the firm's management (not necessarily professionals with purely economic motivations), and in the existence of bonds between the different shareholders.

4.1 Family characteristics and the internationalisation of family business

4.1.1 Familiar socio-demographic factors

Although knowledge and commitment are crucial factors in the model, they are influenced by internal and external variables. Thus, from the family business perspective, the set of factors that explain the level of knowledge and commitment is linked to the people who are in some way involved with the firm.

First, therefore, are those members of the family who are actively involved in the running of the business – either at management or board level. Secondly, we would point out the influence of those family members who do not take an active part in running the business but who hold a stake in the firm (either as family members and/or as shareholders). Thirdly, those family members who formerly took an active part in the management of the family business – the founder member, earlier generations etc. Preceding generations influence the model, both directly and indirectly. Earlier generations have a direct influence on the knowledge accumulated by the organisation, the family's level of commitment to the firm and their previous strategies. Previous generations also exert (in the present but above all in the past) a strong influence over the current generation, whether or not they are involved in running the family business. Fourth and finally, it is important to highlight the role of external professionals, who are not members of the owning family but who are an important influence on the design and implementation of the firm's strategies, either as managers or consultants. These four groups of individuals are sources of knowledge and commitment within the firm. The case of SC Johnson demonstrates

the role played by family members over several generations and how such a differentiated profile represents a source of knowledge for the firm.

SC Johnson: Fifth-generation FMNC

SC Johnson is a hundred-year-old family business that has always been run by members of the Johnson family. Its international presence is typical of a global firm, in that its products are sold in more than 100 countries, and has subsidiaries in 70 countries. It is a large family multinational that does not conceal its family characteristics, but makes it a feature of its publicity. Several important characteristics in the development of SC Johnson are relevant. First, the level of involvement of the current generation. The fifth generation consists of four brothers, all of whom are involved in the company in one way or another. This close involvement is due in part to the firm's succession policy since the first generation, based on the idea that the ownership of the company passes to only one of the descendants. Secondly, each generation has been run by family members who have maintained the balance between their entrepreneurial and commercial role and their role as inventor or innovator. In fact, the current chairman of SC Johnson, Fisk, studied chemistry and physics and later took a Masters in engineering and an MBA in marketing and finance. Thirdly, we would point out the international orientation of those same family leaders. The founder, Samuel Curtis Johnson, set up facilities on several continents in less than three years. His son, Herbert Fisk Sr. concentrated on the product and product research and development. Herbert Fisk Jr. embodied the entrepreneurial spirit and the willingness to take on risk for the sake of improving the company. Finally, Sam was the architect of the company's global expansion on all five continents.

4.1.2. International Orientation

From the International Entrepreneurship perspective, several authors defend the idea that one characteristic of the so-called "born-global firms" is that the entrepreneur always had a large-sized company in mind, right from the time he founded the firm, even though initially it was very small in size (Oviatt & McDougall, 1994). Strictly with regard to the internationalization of first-generation firms, to a large extent such a process depends on the long-term vision of the firm's founder and his company model. Therefore, the founder's international orientation represents an essential dimension (Ditchl et al., 1990). Heineken is an example of a born-global family firm.

Heineken: Global name and brand

The Heineken family controls one of the most important brewing industry groups in the world. Heineken has demonstrated, since its foundation, more than 130 years ago, its drive for international entrepreneurship. This is a born-global family firm, which knew how to create a global company without having to lose family control. The firm's international growth is the result of three generations of international entrepreneurs, driven by three spirited individuals with exceptional qualities for the international development of the firm: Geraard Adrian, Henry Pierre and Alfred Henry Heineken. However, it would be unfair to attribute the entire success and global growth of the company to these three individuals. From the first, Heineken has worked with equally entrepreneurial people. Of note is the role played by Leo van Munching in the expansion of the company in the United States, as well as the role of the many directors who personally took on the same challenges to the company as the members of the Heineken family.

A central question that must be taken into account is why some individuals but not others recognize and exploit opportunities (Bhave, 1994; Hills et al., 1997; Singh et al., 1999). Cognitive research can provide important insights into the understanding of the entrepreneurial process (Baron, 2004a) leading to internationalization decisions. For example, top management experience (Yli-Renko et al., 2002), and the perception that individuals have both about their firm and about the environment in which they operate, have been found to be significant predictors of the internationalization process (Burton et al., 1987; Manolova et al., 2002). Through the study of perceptual processes, cognitive theory provides further insight to this question about identifying and exploiting opportunity (Matlin, 2002). Within this line of research, feature-analysis models suggest that complex patterns of events are identified and stored on the basis of their distinctive features. New stimuli that individuals encounter later on are compared with the stored information and thus perceived differently by individuals with different past experiences (Baron, 2004a). Using the proposal by Leonidou et al. (1998)¹, entrepreneurs familiar with foreign markets through travel (Dichtl et al., 1990), language knowledge (Lautanen, 2000), or through the experience of living abroad (Naor and Punj, 1984) will have a more positive attitude towards considering international expansion as an opportunity for growth than those without such experience. Manolova et al. (2002) label this set of personal experiences that configure a positive attitude toward things international as the entrepreneur's international orientation.

The influence of the individual entrepreneur-director on the decisions to internationalize have been analysed from different points of view (Reid, 1981; Aaby & Slater, 1989). In this regard, two approaches stand out from the rest, each one related to three different levels of analysis.

From Hambrick & Mason's "Upper Echelons" approach (1984), certain socio-demographic characteristics in the individual account for the firm's long-term strategic behavior. Such characteristics include education and training (study abroad), experience (tenure of positions in multinational firms or posts involving international dealings), his personal zeal for 'international things' (e.g. leisure trips abroad), etc. (Gordon et al., 2000; Lant et al., 2000).

For its part, there exists another broad current of papers focussed on the individual's cognitive characteristics. From this point of view, his socio-demographic features are merely dimensions that attempt to identify the individual's underlying mental map (Markoczy, 1997). The challenge is to find out what cognitive features are related to the individual's international orientation.

4.1.3. Commitment and internationalisation of the family business

As well as knowledge, the second main factor in our proposed model is the family's commitment to international activity. This factor put together the effects of the former aspects considered adding a plus as it set the direction of future strategy of the firm. From a sequential point of view the importance of commitment stands out as one of the main factors in explaining a firm's internationalisation (Johanson and Vahlne, 1990). From this point of view, as the organisation increases its international activities, decisions lose a large degree of their reversibility, augmenting the risk to the increased resources that have been committed. Commitment to international activity in family businesses comes from two main sources; one external and the other from within the family environment.

Two main external factors can be identified: (1) the pressures of a competitive environment and (2) the firm's competitive edge in the local market. Pressure refers to the geographic environment of the competing businesses, customers and suppliers, the degree of integration of the industry, and the existence of economies of scale that favour internationalisation, etc. (Grant, 1991). The competitive position of the firm within the local market affects its opportunities for expansion without the need to turn to external markets. Therefore, when a business is a national leader, the

opportunities for growth within its own country and, consequently the need to commit resources abroad are increased. Michelin's expansion is an example of this, as the company decided to enter emerging global sectors where the fierce competition forced it to swiftly become a multinational.

Michelin: Global innovator

Michelin is a family business that has pursued innovation and international entrepreneurship since its founding at the end of the nineteenth century. Michelin is the result of the entrepreneurship of various members of the Michelin family. Despite its current size, members of the owning family continue to have an important involvement within the firm. There are several interesting aspects in the history of this French family firm. Firstly, the fundamental role of innovation as the main source of competitive advantage. Secondly, the global, rather than merely international orientation, demonstrated since its foundation, by the family members leading the firm. Thirdly, the speed and coherence of the expansion and diversification process. Fourthly, the social significance of the family name as a global brand. In little more than a century, since the end of the 19th century, André and Edouard Michelin's small workshop has been transformed into a holding company with a presence on all five continents, with factories in more than 20 countries, 70 distribution companies, four technology research centres, six rubber plantations, almost worldwide distribution (branches in over 170 countries) and more than 130,000 employees across the globe.

In contrast to these two factors outside the family environment, two other factors can be identified, linked to the distinctive character of family businesses. These two factors are (1) the degree of international orientation within the family and (2) the strength of leadership shown by the management. The degree of international orientation within the family refers to the extent to which members of the owning family believe that the natural geographical scope of the business should be limited to its country of origin or if, on the other hand, it can be extended beyond this (Gallo and Sveen, 1991; Menéndez, 2005). This international orientation affects perceptions of the international environment; the levels of risk involved in increasing activities abroad; the extent of the owners' cognitive and psychological differences with regard to other cultures; etc (Zahra, 2003; Casillas and Acedo, 2005). The most outstanding feature of the German multinational, Faber-Castell, is its ability to maintain its international orientation over eight generations.

Faber-Castell: Leadership in an eighth-generation multinational firm

Faber-Castell is a German company that is more than two hundred years old. The company has passed through many different stages, and has certain characteristics worth noting. Of these, three aspects stand out. The first is the sequential, gradual and belated nature of the internationalisation process. After more than 240 years, the firm has 15 factories, 13 of which are outside Germany, and 19 sales subsidiaries. However, the majority of these foreign operations have been created within the last 50 years. It was only under the leadership of the current CEO, Anton Wolfgang von Faber-Castell, that the process was intensified. In 1978, when he took up his current position, the company only owned four factories outside Germany (in Austria, Brazil, Peru and Australia). Since then, another nine factories have been opened, in particular in South America and the Asia-Pacific region. This is linked to a second factor: the different role played by the different generations running the business. During the company's eight generations, only some have demonstrated international entrepreneurship, and so certain individuals join a cast of 'heroes', who are remembered for their entrepreneurial drive and their legacy.

Nor should we forget, when looking at commitment to international expansion, the role of (non-family) professional managers and advisors. In the preceding paragraphs we have assumed that the company is run by managers and boards who are all members of the owning family. However, we know that it is not always so (Graves and Thomas, 2006). In fact, as the family business progresses through the later stages of its life cycle (Greiner, 1972; Churchill and Lewis, 1983; Rosendbladt et al., 1977), the proportion of non-family managers and board members increases. This can weaken the level of commitment to the international strategy (Gallo and García-Pont, 1996; Graves and Thomas, 2006).

4.2 Knowledge and the internationalisation of family business

Over the last few years, several studies have suggested that knowledge is not just another resource of the business but one of the key factors for understanding a firm's international behavior (Sharma and Blomstermo, 2003; Zahra, Sapienza and Davidsson, 2006). Knowledge is the essential factor in the sequential view of the internationalisation process (Johanson and Vahlne, 1977), according to which, firms expand their activities internationally through a learning process, either as the firm accumulates experiential knowledge (Penrose, 1959; Johanson and Vahlne, 1990) or through a process of planned international activities (Yip et al., 2000).

As Eriksson, Majkgard and Sharma (1997) state, knowledge accumulation in firms is path-dependent, dependent on the intensity of exposure to foreign markets and the diversity of such exposure. As firms enter new markets, they accumulate new institutional knowledge, knowledge related to the business itself, knowledge of the markets and foreign cultures and of the internationalisation process itself. This is an iterative process where knowledge favours internationalisation and internationalisation favours the accumulation of new knowledge (Johanson and Vahlne, 1990).

But if knowledge is one of the most important resources for explaining the sequential processes of internationalisation, it is even more important to account for the rapid internationalisation of born-global firms (Oviatt and McDougall, 1994; Zahra and George, 2002). According to Sharma and Blomstermo (2003), this type of firm is characterised by having a 'learning advantage'. These firms are able to learn rapidly, or in other words, are able to rapidly acquire and absorb new knowledge relating to internationalisation (Autio et al., 2000). Specific knowledge about internationalisation in family firms may come from various sources. On the one hand, the employment of professionals with the appropriate education and experience to carry forward this type of strategy has been considered in several earlier studies (Gallo and García-Pont, 1996; Graves and Thomas, 2006). On the other hand, the education of members of successive generations might be one way to introduce new knowledge into the family firm (Casillas and Acedo, 2005; Fernández and Nieto, 2005). Thirdly, a family firm may use membership of intercompany co-operation networks as a means of rapidly accessing new knowledge and new capabilities for its internationalisation (Johanson and Vahlne, 2003). Cargill is a clear example of the role played by internal and external networks in the business's international development.

Cargill: International expansion of a two-family business.

Cargill is one of the biggest and most international family businesses in North America. It is a firm in which two families have joined: the Cargills and the McMillans, and which has gone through several processes where family members have become more involved with or more distanced from the business. Today, Cargill is a large FMNC, with 142,000 employees in over 60 countries and with sales in excess of US\$60 billion. An interesting aspect of Cargill refers to its origins. The present firm is the fruit of various entrepreneurial initiatives of the three Cargill brothers: W.W. Cargill, Sam Cargill and James F. Cargill. But

moreover, the firm incorporated a second family, the McMillan family, as a result of the close relationship between the two families. This is therefore a two-family firm. Another interesting factor is the growth route taken by Cargill from its beginnings to the present day. The business has chosen to apply mechanisms for external growth, combined with endogenous growth. There have been numerous acquisitions, as well as joint ventures and distribution agreements. Thirdly, the complexity of the family in the first half of Cargill's history has been swapped for a general professionalisation of the firm in recent years. During that time, the family's involvement has changed, and they have assumed the role of proprietors rather than managers or advisors.

From these evidences we propose that:

Proposition 1: The characteristics of the managers and board (networks, educational background, family commitment, previous experience, etc.) will exert an important effect on the international knowledge acquisition

4.2.1. Strategy

As posed by Zahra and George (2002) there is a need of studying what effects have the competitive strategies on international entrepreneurship.

Regarding generic strategies it has been proposed that a firm's international entrepreneurship stems from its competitive strategy. Previous studies have striven to relate low cost strategy and differentiation strategy to internationalization. Earlier studies ascertained that unique products and product differentiation were positively related to internationalization (Bloodgood et al. 1996; Fontes & Coombs 1997), which underlines the significance of intangible factors when accounting for international entrepreneurship. These findings are consistent with the resource-based theory of the firm, which states that unique resources can intensify and expedite a firm's international expansion. Other works related to this perspective are those by Autio et al (1997) and Zahra et al. (2000b), both enhancing the role of the collaboration on the international expansion of the firm.

Research has also studied the role of the functional strategies and their relationships with international entrepreneurship. Roberts and Senturia (1996) underlined the importance of product features such as uniqueness and customization, while Holmlund and Kock (1996) highlighted the importance of production skills for international entrepreneurship. However, McDougall (1989) and Bloodgood et al (1996) found

that new international ventures de-emphasize a distribution and marketing strategy.

Thus, we could affirm that:

Proposition 2: The international knowledge acquired by the firm is a main determinant of the international behaviour mediated by the strategy adopted by the firm.

4.2.2. Resources and Capabilities

The process of internationalization requires the redeployment of these resources and capabilities from the local market to the international effort, where the level of resources needed will affect the entry mode strategy pursued (Dunning, 1980). Whether or not age and size provide a competitive advantage to a firm's internationalization expansion continues to be an open question (Zahra, 2005). The resource theory suggests that company growth is determined by its capabilities and market opportunities (Andersen & Kheam, 1998). When a company is facing the decision to internationalise, it needs to use its resources and capabilities to make the best use of the opportunities and minimise the threats that this new environment entails. The company's specific resources and capabilities represent the best guarantee for its competitive edge (Grant, 1996), which is the heart and objective of the company's strategy.

Many approaches have been used to analyse how a company's competitive edge affects its internationalisation process (Cavusgil & Naor, 1987) and the role that such an advantage plays in the process (Katsikeas, 1994). A competitive edge alone is not thought to be enough to initiate the internationalisation process but it may constitute a basic factor for preparing the company for such a process (Cavusgil & Nevin, 1981). Early works on the sequential approach looked at the relevance of a competitive edge. Thus, Wiedersheim-Paul et al (1978) suggest that when the company achieves a certain position of advantage, it is driven to expand its markets in order to be able to spread the costs incurred in achieving such a competitive edge, while the marginal cost of using this asset in other markets is very low or zero. A similar approach, although with a slightly different focus, is that proposed by Ito & Pucik (1993), who observe how many companies use their position of strength on the home market as the basis of their competitive strategies abroad. In this way, the possession of economies of scale, high levels of quality, etc enable these firms to reach niches on foreign markets. The importance of holding a solid position on domestic markets has been seen to be a highly positive factor, not only in the profitability of

the international business, but in the actual decision to internationalise, as in many cases one has to be competitive at home before striding out onto foreign markets (Canals, 1994).

The literature seems to indicate a high level of consensus regarding the existence of a positive relationship between distinctive advantage and the company's propensity to go international (Zou & Stan, 1998), although this general agreement does not occur when the different capabilities behind such a competitive edge are classified. In our opinion, the different capabilities that the firm possesses, regardless of the type of competitive edge they provide, do not have a direct influence, as a large amount of the literature suggests (Andersen & Kheam, 1998; Dhanaraj & Beamish, 2003; Moon & Lee, 1990), but rather it is the view that the senior managers hold of their own company that stands behind such a decision, as it is the decider's perception that determines the decision that is adopted (Westhead et al, 2001). The innovative strategy of Michelin is an example of this phenomenon. This establishes a connection between the proposals made on the basis of the resource theory and those relating to the internationalisation process.

4.2.3. Contextual and environmental factors in the internationalisation of family business

In addition to these factors relating to human resources, we must also consider two other important sets of factors. The first includes the firm's other types of resources and capabilities (Fernández and Nieto, 2005). Therefore, financial resources, technological resources and capabilities, reputation, etc. act to accelerate or restrain the opportunities for developing a strategy of rapid internationalisation. In our view, however, these resources have a moderating influence on the relation between the level of knowledge and commitment to the internationalisation strategy, and international entrepreneurship (Casillas and Acedo, 2005). For example, if two firms have an equal quantity and quality of knowledge regarding internationalisation and have the same degree of commitment to that strategy, the business with greater financial resources is able to develop its strategy more rapidly, and enter a greater number of countries in a shorter time, and with a greater intensity and range of entry methods.

Likewise, given that this is an analysis of the international behaviour of one specific type of business – family business – we must include, as an explanatory factor, the nature and characteristics of the past, present or anticipated succession processes. Succession is a very significant process in the life of the organisa-

tion. Its influence on the incoming generation to the family business does not end with the accession of the company's director. The nature of the process has a long-term influence over the organisational culture, it defines the division of roles, and distributes power and leadership between family members and non-family managers and board members etc.

Finally, we must consider a loose set of contextual variables. As with the models described earlier, it is important to consider the influence of the general environment in which the business operates – the social, technological, legal, industrial, national, etc. environment – on the family business, as well as the influence of the specific environment – the family, shareholders, competition etc. In this sense, and in terms of international entrepreneurship, we must underline family members' involvement in social networks that relate in some way to the expansion of international activities. These contextual factors have marked the history of the family-owned multinational Samsung, which demonstrates the company's response to the different economic scenarios that South Korea has undergone throughout the 20th century.

Samsung: Global family conglomerate

The Samsung group is the biggest business conglomerate in South Korea and one of the world's biggest multinational companies. Few people are aware that it is a second-generation family firm. In less than 70 years, since its foundation at the end of the 1930s, only two people – father and son – have created a global firm. From a family business perspective, the case of Samsung is unique. Whilst the Lee family's actual power is limited, it is important to highlight the leadership exercised for almost 50 years by the company's founder, Byung-Chull Lee, and by his son, Kun-Hee Lee, for more than 20 years. Some aspects of Samsung's history are particularly interesting. Firstly, we would point out the firm's ability to manage the range of activities and sectors in which it developed its operations. Samsung has gone from being a commercial business to an industrial business, before finally becoming a high technology and service company. Secondly, we would highlight the firm's ability to withstand periods of far-reaching national crisis. South Korea went through a war in the middle of the last century and went through an economic crisis in the 1990s. National conditions have not always presented the best climate for the company's international competitiveness. Nevertheless, a well-designed growth plan, its presence in other competitive world markets (Europe, USA and China) and its proven financial capabilities have enabled it to overcome the threats

from the domestic environment at certain times. Therefore:

Proposition 3: The existing relationship between the international knowledge and the international behaviour is moderated by the environmental context in which the firm is and the resources and capabilities that the firm possesses.

5 CONCLUSION

Multinational family businesses are an example of how it is possible to combine the desire to expand beyond national boundaries and become a global firm with the desire to retain control of ownership within the family group. This paper proposes a model that explains the international entrepreneurship of this type of business. Firstly, we have analysed the literature on the subject. This analysis demonstrates the lack of integration between the most recent literature on international entrepreneurship and the literature on family businesses. Secondly, we have analysed six global family businesses, examining their family history in tandem with the company's history. Based on the literature review, we have proposed a model, based on international entrepreneurship perspective, in which three main elements stand out as determinants of international entrepreneurship for this type of firm: international orientation, knowledge and family commitment. In addition to these two factors, the model includes other internal and external contingent variables.

In general terms, family businesses have specific characteristics that differentiate them from firms that are not. For instance: the ownership, the management and the family and feelings, the primacy of the "long-term survival" goal over other objectives such as short-term profitability or other kinds of financial results, the difficulties in managing the firm's growth without this implying a loss of family control, the need to face specific challenges such as generational replacement, and so on.

In spite of all of these differential factors, the ownership structure of firms has scarcely been a dimension dealt with by the extremely extensive literature related to globalization and managing international businesses. Barely a dozen studies have been published relating to the internationalization of the family firm, which is why it should be pointed out that this line of research can offer an enormous potential for future development. This paper has attempted to fill in a small part of the giant gap that exists in the literature.

We have proposed a general model that attempts to integrate the key explanatory factors for international

entrepreneurial behaviour in the specific case of family firms. Thus, the international entrepreneurial behaviour of a family firm does not derive from the same factors when the firm is in the first generation —the founder stage—, or in the second —sibling consortium—, or the third or later generations —federation of cousins—.

However, the internationalization of these types of firms is a complex phenomenon. In addition to the usual complexity represented by the internationalization of any firm, one must also add in the consideration of emotional factors and inevitable processes of change (succession) that require a more open approach and a perspective with a greater long-term orientation. This complexity explains why the international evolution of the family firms analyzed in this study will always be varied. Each family and each firm is different. The elements that make up each one of the subsystems that make up the family business system are different and combine in various ways over time. Nonetheless, it is possible to identify which are some of the dimensions that play a relevant role when explaining the rapid international process of these kinds of firms.

The illustrative cases used seem to indicate that the determining factors behind a family-owned business' international behaviour come together in very different ways. However, the descriptions of cases based on extensive secondary information does not allow for in-depth analyses of the relationships between the factors identified, which therefore represents a limitation in our work. Nevertheless, we believe that by using the

model proposed, it is possible to develop empirical studies in the future that will allow full hypotheses to be proposed to co-relate the different elements of our model, thereby offering significant progress in our understanding of the phenomenon. In this sense, more profound case studies are required, with quality internal data provided by the companies, as is fieldwork that includes more extensive samples of family-owned multinational companies. Such theoretical and empirical development would enrich the literature on both international firms and family-owned businesses.

Thus, we have attempted to contribute ideas that can guide future research in the fields of family business studies and international entrepreneurship. What is currently known at this point is so limited that there are enormous possibilities for further research.

Future contributions can be made by further examining the concepts described, to concretely define the dimensions noted and identify the variables that shape them. Besides, advances should be made in the development of reliable and consistent measuring devices for the different variables. Thirdly, empirical studies with large samples of firms from different countries are needed. Up to now, the existing knowledge has been based on reflections and connections derived from existing theories, case studies or a few studies based on large samples from a single country. We believe that it is necessary to extend the empirical knowledge base that is beginning to construct a body of evidence strong enough to be able to take new steps forward in the theoretical development of the phenomenon.

APPENDIX

Cargill

Family History

1865: Foundation
 1875: Family moves to La Crosse
 1889: The McMillan brothers join the firm
 1903-1908: Death of the founders
 1905: McMillan Sr. elected director general
 1913: Entry of the 2nd generation of Cargills
 1918: Entry of the 2nd generation of McMillans

1932: McMillan Sr dies of a heart attack
 1943: McMillan Jr. becomes President
 1951: Whitney McMillan joins the firm
 1960: McMillan Jr. dies

1977: Whitney McMillan named CEO
 1995: Whitney McMillan dies
 Total professionalisation top management

Company History

1865-1925: Expansion throughout the USA following the railways

1910: Financial crisis for the firm

1928: Entry into Canada

1929: First export department: office in Italy

1930-1940: First international expansion (Canada, Holland, Argentina, etc.)

1940-1968: Foreign expansion continues in South America and Europe (Brazil, Argentina, Belgium)

1968-69: Joint ventures in Korea and Taiwan. Acquisitions in Australia, France, etc.

1981- Plants opened worldwide: global firm. Plants in over 10 countries on 4 continents.

Faber-Castell

Family History

1761: Founded by Kaspar Faber (1st G.)
 1784: Anton Willheim (2nd G.) succeeds Kaspar (†)
 1810: Georg Leonard (3rd G.) succeeds Anton W. (†)
 1839: Lothar von Faber (4th G.) succeeds George L. (†) Lothar uses experience gained in Paris and London
 1896: Lothar von Faber dies, succeeded by Willheim (5th G.), who dies shortly afterwards, succeeded by Otilie von Faber (6th G.)
 1900 Otilie marries Alexander zu Castell. Re-birth as the Faber-Castell company
 1928: Count Rolland (7th G.) succeeds Alexander (†).
 1978: Anton Wolfgang (8th G.) succeeds Count Roland (†)

Company History

1761: Pencil factory in Stern (Germany)

1784-1810: Expansion in Germany. Company renamed as "A.W. Faber"

1810-1839: Crisis in the company, decline in production

1843-1874: Internationalisation of the company. Sale of pencils in the USA (1843, 1849), UK (1851), France (1855), Austria (1872) and Russia (1874).

1856: Acquisition of graphite mine in Liberia

1900: Launch of the green pencil: "Castell 9000" and increase in international activities

1928-1978: Foreign expansion into Brazil (1931), Ireland (1955), France (1960), Australia (1962), Peru (1965), etc.

1980- Global expansion. Operations opened in Kuala Lumpur (1980), Brazil (1994), China (2001), Malaysia (2002), etc.

Heineken

Family History

1864: Founded by Geraard Adrian Heineken
 1876: Willheim Feltman and JG van Gendt join the company, (non-family professionals)
 1893: Founder dies and JDA Petersen (stepfather of the successor, Henry Pierre Heineken) elected CEO.
 1914-17: Henry P. joins the board and is elected chairman.
 1917-1940: Skitter (financier) elected director of international operations.
 1942: Alfred Henry Heineken (3rd Generation) joins the firm
 1954-1989: Alfred Henry leads the firm
 1989: Alfred H. retires († 2002) and the family moves onto a second level.

Company History

1864-1875: Constant product innovation and increasing production capacity in Rotterdam.
 1875: Begin sales in France
 1889: Supplier to the Eiffel Tower restaurant
 1917-1940: International expansion in Europe, Asia and USA.
 1930: First factory in Indonesia. Expansion in Asia (Singapore, China, etc) and the Pacific region (New Zealand).
 1933: Van Munching expands the company in the USA.
 1954-1989: Company expansion in Africa (Ghana, 1961; Sierra Leone, 1962; Chad, 1965, etc.)
 1960-2000: Increased presence in Europe (acquisitions in Italy, France, Spain, Ireland, Switzerland, Hungary, Slovakia, etc)

Michelin

Family History

1889: Edouard and Andre Michelin found the company
 1931: Andre Michelin dies
 1940: Edouard Michelin dies. Ettienne Michelin (2nd G.) takes over the leadership.
 1955: François Michelin (3rd G.) joins the management of the company.
 1966: Entry of professionals into top management (François Rollier, René Zingraff)
 1991: Edouard Michelin (4th G.) joins the management, with Michel Rollier and René Zingraff).

Company History

1891: Identify the opportunity for a tyre company.
 1895: First pneumatic car tyre.
 1900 First Michelin Guide
 1906-1910: Entry into foreign markets (Italy, UK, USA).
 1925: Entry into Indochina
 1931: Factories opened abroad (Germany, 1931; Argentina, 1933, Spain and Czechoslovakia, 1934, ...).
 1949: Launch of the radial tyre (X tyre).
 1951: Company restructuring.
 1960-1980: Expansion programme in Europe (UK, Italy, Germany, Spain), and Africa (Nigeria and Algeria)
 1970: Entry into North America (Canada and USA)
 1980-> Entry into South America (Brazil, Colombia) and Asia (Thailand, Japan, Phillipines).
 1990-> Expansion of European market (Sweden, Hungary, Poland).
 Global company

Samsung*Family History*

1938: Byung Chull Lee founds Samsung

1987: Byung Chull Lee retires and is succeeded by his son, Kun Hee Lee.

Company History

1938-Starts the business as a fish and food products merchant

1953-1987 Company diversification; 1958: life insurance; 1963: department stores; 1965: newspaper publisher; 1969-1973: Electronics industry; 1974: Petrochemical industry; 1979: Aerospace industry; 1985: Development of information systems and technologies.

1988: Refounding of the company. Company restructure.

1990- Policy of global production and the opening of production units outside Korea

1993: Begins production in China and acquires subsidiary in Germany

1994: Offices in Japan and Germany. Factories in China and Mexico.

1995: Offices in USA, Europe, China and Singapore.

1996: Three new plants in Texas (USA)

1997-1999: Crisis in Korea

2006 Global company

SC Johnson*Family History*

1886: Samuel C. Johnson founds the company

1919: Herbert Fisk Johnson Sr. (2nd G.) succeeds Samuel C (†).

1928; Herbert Fisk Johnson Jr. (3rd G.) succeeds after his father's sudden death. Succession problems

1935: Expedition to Brazil.

1954: Sam, (4th G.) joins the company

1959: Sam elected vice-president and moves to Europe.

1965: Herbert Johnson Jr dies and is succeeded by his son, Sam.

1985-1990: Fifth generation joins the firm

Company History

1887: Launch of its first major product (Johnson Prepared Wax).

1914-1920: Foreign expansion. First subsidiary in the UK (1914), Australia (1917) and Canada (1920).

1929: Great Depression

1959: New product lines (insecticides, domestic cleaning products, etc.)

1950-1960: Entry into Germany, Mexico, Italy, Philippines, Argentina,...

1960-2000 Gradual global expansion in all 5 continents: Europe (Spain, Norway, Sweden, Greece, Portugal, Belgium, ...), America (Costa Rica, Puerto Rico, Chile, Colombia, Ecuador, Uruguay, ...), Asia (Singapore, Thailand, China, Taiwan, India, Vietnam, ...) Africa (Ghana, Kenya, Egypt, Saudi Arabia) and the Pacific (Australia, New Zealand).

1995-> Entry into Central and Eastern Europe (Russia, Czech Rep, Poland, Bulgaria,...).

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JOSÉ C. CASILLAS,
casillas@us.es,

ANA M. MORENO,
ammoreno@us.es,

FRANCISCO J. ACEDO
fjacedo@us.es

Departamento de Administración de Empresas and
Marketing, University of Seville
Avda Ramón and Cajal, 1, 41018
SPAIN