
Internationalisation of Spanish family SMEs: an analysis of family involvement

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Abstract: The aim of this work is to analyse the influence of family involvement on a company in the context of the firm's internationalisation. The work incorporates some of the most current perspectives from the international business field. From these reflections, we propose a causal explanatory model whose ultimate dependent variable is the firm's level of internationalisation, considering independent variables both at the individual and company level (including family influence). The model is tested on a sample of 222 Andalusian firms (Spain), using a structural equation modelling technique (Partial Least Squares – PLS). The results show how the family involvement plays a mediating role when considering the internationalisation of family firms. Some of the conclusions may give useful insights for public agencies responsible for fostering SME internationalisation as well as for the academic world.

Keywords: internationalisation; family firm; entrepreneurship; causal model; partial least squares.

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1 Introduction

One of the main challenges faced by family-owned firms is the development of their ability to grow and expand their international activities for competing in a global market, and at the same time, keeping the control of the firm in the hands of the family. Nonetheless, there are numerous examples of family-owned firms who have successfully overcome this challenge and have become multinational family-owned companies. It is also possible to observe how some family-owned SMEs are initiating and developing activities abroad through exports in response to the current process of economic globalisation.

However, up to now, there have been few attempts to investigate how the growth and internationalisation processes of family-owned companies occur. In family firms coexist both factors, the need of growth and the will of keeping the control, assisting and impeding internationalisation (Okoroafo, 1999; Gallo and Sveen, 1991). Although an extensive body of literature can be found on the internationalisation process, the possible impact of the family involvement in such process has almost never been analysed (Fernández and Nieto, 2002).

The aim of this work is to analyse the influence of family involvement on a company in terms of the firm's internationalisation. Our objective is to bring some light to the existing gap between the two spheres of study which, to date, have been separately developed – the fields of family business and international business.

For this purpose, some of the most recent trends in the field of international business and internationalisation of family firms are summarised below. Taking these theoretical approaches as our starting point, we propose a causal model where the final dependent variable is the level of internationalisation of the firm. With regard to the independent variables, dimensions at the individual and firm levels (for the latter, the family's influence on the firm) are considered and we posit a set of hypotheses about the different cause and effect relations. Afterwards, we expose the methodology applied and we give the results of both the measurement and the structural models. Such results allow us to confirm a large set of hypotheses, albeit not of all them. Finally, this study presents the main conclusions extracted, the main limitations of the work, and some of the future research lines.

2 Internationalisation process of family businesses

2.1 The internationalisation process of firms

Since the 1960s, the study of the factors that have an impact on the internationalisation process of the firms has been one of the main research topics in the field of international business. Firm internationalisation is considered as a dynamic process, which encompasses a large number of different variables of both internal and external types. The internationalisation process is a long-term decision, which entails the implementation of in-depth changes in the firm's internal structures. This is aimed at adapting to new (geographical) environments, which are different from the national one.

The complexity of the internationalisation process justifies the diversity in the conceptual approaches used to study it. Although different types of approaches have

been proposed, it is safe to state that internationalisation has been analysed from three perspectives:

- 1 the economic-rational approach
- 2 the sequential approach
- 3 the strategic approach.

The economic-rational approach considers that decisions made in the internationalisation process are primarily based on the assumption of bounded rationality. Within this approach, we should distinguish between the contributions made from the Transaction Costs Theory, employed mostly in the explanation of the selection of the entry mode (Anderson and Gatignon, 1986; Hennart, 1991; Hennart and Park, 1993), and those of the Eclectic Theory (Dunning, 1980; 1989; Agarwal and Ramaswami, 1992; Kim and Hwang, 1992).

Although the sequential approach is based on the classical ideas exposed by Vernon (1966), Buckley and Casson (1976), it reaches its maturity through two parallel approaches: (1) The Uppsala School (Johanson and Wiedersheim-Paul, 1975; Johanson and Vahlne, 1977), and the Innovation Approach (Bilkey and Tesar, 1977; Cavusgil, 1984; Reid, 1981). Both trends agree in the fact that internationalisation, by making cumulative decisions (Root, 1987), is an evolutionary process in which the firm develops progressive levels of commitment to international markets as it moves ahead through a series of sequential stages, being therefore, a learning process (Andersen, 1993).

Several academics, from a strategic perspective, propose that decisions associated with the internationalisation process are conditioned by two types of factors: internal dimensions (organisation's structure and capability, internal coordination, CEO's attitude and idiosyncrasy, management and human resources, *etc.*) and external dimensions (risk associated with the target country and strategies of competitors, *etc.*) (Young *et al.*, 1991). The strategic approach tries to avoid the aspects of the two former approaches that have been most widely criticised (*i.e.*, the assumption of rationality of the economic-rational approach and the evolutionary determinism of the sequential approach).

Recently, new contributions from different conceptual fields have enriched the study of the internationalisation process of companies; here as well, significant differences are notable as to whether the focus of the work is external or internal. These new perspectives attempt to explain some aspects of the current international behaviour of companies in those areas where the classical models appear to be ineffective. One such situation is the appearance and development of very young companies (known as 'born global' companies) with a high degree of internationalisation (Oviatt and McDougall, 1994). In this area, two conceptual approaches clearly stand out:

- 1 Integrated studies on cognitive styles within the field of international entrepreneurship (Oviatt and McDougall, 1994; Hirsch *et al.*, 1996).
- 2 The contributions derived from institutional theory (Lautanen, 2000; Lu, 2002; Laurila and Ropponen, 2003), which states that companies within a single location or industry tend to become similar in time, either because they are willing to engage in relationships that allow for the diffusion of knowledge and abilities or because they seek social legitimation (DiMaggio and Powell, 1983; Scott, 1987; Oliver, 1991).

2.2 Internationalisation and family firms

Little investigation, which addresses the internationalisation process of family firms, has been carried out to date. On the one hand, the analysis of the internationalisation process has not been paid enough attention by the field of study of family businesses for it to deserve a remarkable research effort. On the other hand, the sphere of International Business has almost not considered the influence of ownership and management (family or nonfamily) on international expansion decisions. For this reason, we wonder if the degree of family control in a firm has any impact at all on its decisions with regard to the internationalisation process.

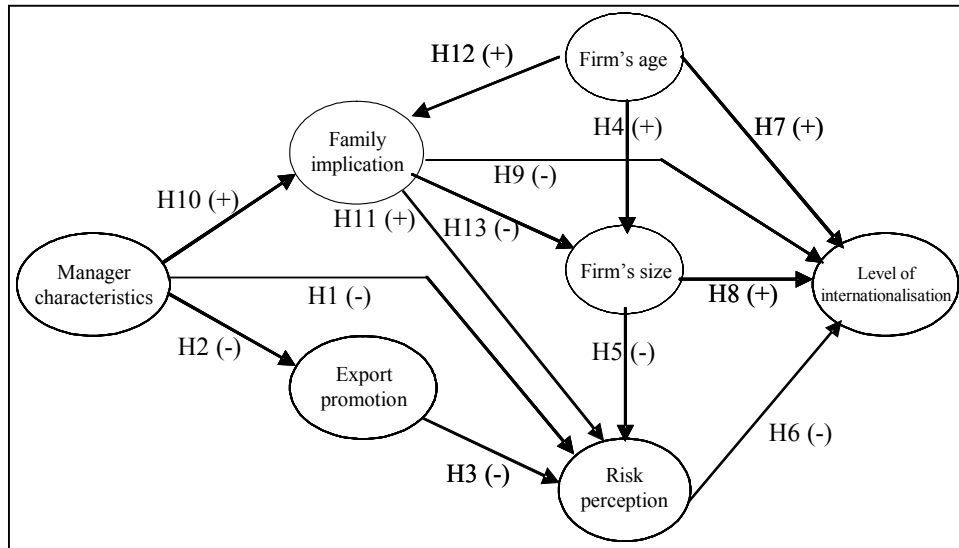
Gallo and Sveen (1991) propose that there are certain factors that either foster or restrain the development of the internationalisation process in family firms (objectives, structure, culture, life cycle and international characteristics). More recently, Okoroafo (1999) carried out a study on 187 firms in the US state of Ohio, which leads to the following conclusions:

- Family firms are less inclined to engage in operations abroad.
- Those family firms that have not internationalised during the first two generation owners, will hardly start their internationalisation processes later on.
- Most of the family firms engaged in international operations, operate internationally through exports and joint ventures.

Fernández and Nieto (2002) analysed some panel data with more than 10,000 Spanish firms to ascertain the influence of the type of ownership (family versus nonfamily) on the export intensity of the firm. The results show that family-owned firms are less likely to engage in international activities. However, second and third generation owners are more prone to engage in this kind of operations than the founder's generation. Finally, our work tests that those family businesses that open their equity to other shareholders are more active in the international marketplace.

3 Conceptual model and hypotheses

The conceptual model proposed in this study is based on a multilevel and multiparadigmatic approach, which considers aspects at the level of the individual and of the firm in an interrelated manner (see Figure 1). This study attempts to incorporate family involvement as an internal variable within a global model of international behaviour. This model is based upon the premises of the Uppsala and the strategic theories. With respect to the incremental approach, we have included factors related with the firm's age as well as some other characteristics related to the manager. With these variables, we try to reflect the experience and knowledge acquisition influence on the individual risk perception. This last variable appears as a proxy of the opportunities that come from the environment related to the internationalisation process.

Figure 1 Proposed conceptual model

3.1 CEO's characteristics, firm characteristics and international level

With regards to the individual's characteristics, some previous papers identify differences in the export behaviour of the firms in terms of their CEO's demographic characteristics (Aaby and Slater, 1989; Chetty and Hamilton, 1993). Similarly, other works introduce the characteristics of decision-makers as a decisive explanatory variable of export behaviour (Miesenbock, 1988; Caughey and Chetty, 1993).

Dichtl *et al.* (1990) distinguish two types of CEO's characteristics: demographic characteristics (age, education level, experience, language skills, number and variety of trips abroad) and psychological characteristics (risk aversion, change aversion, strategic preferences, personal ambitions). Normally, it is considered that the demographic variables are approaches to variables of a psychological nature, which are more difficult to measure. In this regard, Reuber and Fisher (1997) argue that the experience variable (either on the part of the individual or of the top management team) has an impact on the firm's international behaviour by means of a decrease in the perceived risk (Gray, 1997). Therefore, we propose the following hypothesis:

H1 A negative relationship will exist between the CEO's experience and training and the perception of the risk that arises from international activities.

According to the Institutional Theory, the firm may tend to exhibit a certain behaviour due to three kinds of external pressures: mimetic, coercive and normative (DiMaggio and Powell, 1983). The coercive isomorphism occurs when a company behaves in response to the pressures of its political environment (Mizruchi and Fein, 1999). Thus, public administration has a bearing on the firm's behaviour, especially on its international behaviour, as it is the main entity which deals with the establishment of programmes that would support and promote international activities (Oliver, 1991; Moini, 1998). Therefore, it can be expected that those individuals with a lower level of international

experience and training will be more likely to turn to this type of institution for support. Additionally, the firms that resort to these public organisations acquire a series of knowledge and skills enabling them to operate in foreign markets; therefore, they reduce the risk involved when entering the international marketplace. Hence,

H2 A negative relationship will exist between the CEO's experience and the need to resort to public entities that support internationalisation.

H3 A negative relationship will exist between the use of public entities that support internationalisation and the perception of the risk that arises from international activities.

Concerning the firm age and size, several studies suggest that both variables are usually interrelated in terms of the development of the life cycle of the firm (Churchill and Lewis, 1983). Similarly, the Theory of Resources and Capabilities asserts that the differences in the firm's revenues and strategies are a result of the combination of resources and capabilities owned by the firm (Wernerfelt, 1984; Barney, 1991). Therefore, both dimensions are good indicators of the available resources of the firm. Thanks to this greater availability of resources on the part of the largest firms, they are able to recruit better CEOs, hold a more solid position in the marketplace and, as a consequence, implement strategies associated by other firms with higher levels of risk. This smaller perception of risk therefore contributes to a higher level of engagement in international activities by the firm. In fact, various authors have analysed the relationship between size and internationalisation, and find a positive relationship (Bonaccorsi, 1992; Calof, 1994). On these grounds, and considering the indirect relationships among the described variables, we propose that:

H4 A positive relationship will exist between the firm age and its size.

H5 A negative relationship will exist between the firm size and the perception of the risk that arises from international activities.

H6 A negative relationship will exist between the perception of the risk that arises from international activities and the internationalisation level of the firm.

H7 A positive relationship will exist between the firm age and its level of internationalisation.

H8 A positive relationship will exist between the firm size and its level of internationalisation.

3.2 Family involvement in the firm and internationalisation level

Next, in Figure 1, it can be observed that the model incorporates a series of relationships with a focus on the extent to which a firm can be considered as a family business. According to numerous authors, ownership, management and continuity seem to be the main elements which define a family firm. For some authors, a firm can be considered as a family firm when it is family-owned (Landsberg and Perrow, 1988; Barry, 1989), whilst

others consider that ownership control – being a necessary condition – is not enough for a business to be considered as a family firm, and they require either of the two other characteristics: the involvement of the family in the management and direction tasks of the firm (Gallo and Sveen, 1991; Barnes and Hershon, 1976; Church, 1996; Donckels and Frohlich, 2001) or the integration of subsequent generation owners in the firm (Gallo, 1995).

Various authors uphold the idea that family firms are less likely to expand internationally because of several reasons such as the lack of resources, the resistance to change of family leaders, *etc.* (Ward, 1988; Gallo and García-Pont, 1996). Recently, Fernández and Nieto (2002) identified a negative relationship between family ownership and internationalisation level. Consequently:

H9 A negative relationship will exist between family involvement in the firm and its level of internationalisation.

Nevertheless, this negative relationship is due to various reasons, which bring about the need to identify mediating variables between the type of ownership (family or not) and the internationalisation level. First, the firm growth and its international expansion are based on the existence of a given mix of resources and capabilities (Penrose, 1959). As for the former, two are significantly worth noting:

- 1 top management resources
- 2 economic and financial resources.

In terms of top management resources, human resources constitute a vital resource for every organisation. As mentioned earlier, throughout the last decades, the impact of the CEO's characteristics on their internationalisation decisions has been extensively investigated (Tihanyi *et al.*, 2000; Athanassiou and Nigh, 2000; 2002; Sambhraya, 1996) based on Hambrick and Mason's "upper echelons" model (Hambrick and Mason, 1984). This idea is also included in the institutional theory as the normative isomorphism, which is based on the diffusion of behaviour by structured activities called 'routines' and is reflected in professionalisation (Mizruchi and Fein, 1999). In this sense, the relationship between the CEO's level of education and experience and family ownership is not clear. On the one hand, Gallo and García-Pont (1996) stated that family firms will prefer to recruit family members for their senior management positions, aimed at increasing the family control of the firm, and that this criterion will outweigh the recruitment of a qualified manager in the sphere of international business. Now, second or subsequent generation family businesses might have more qualified managers, as they have access to a type of education more oriented to international activity (studies abroad, language skills, development of cross-cultural capabilities, *etc.*).

Although we agree with both positions, we think that the second argument is more intense for family firms that have survived for many years. These firms would have developed international capabilities precisely because they have been able to promote the firm professionalisation – professionalisation being construed here as the recruitment of managers with a sufficient level of training and experience (either family members or not). Thus, we propose the following hypothesis:

H10 A positive relationship will exist between the CEO's experience and training and the level of family involvement in the firm.

On the other hand, according to various authors, family firms develop a more conservative behaviour and are less prone to risks assumption (Fernández and Nieto, 2002). Among other reasons, a previous work (Wright *et al.*, 1996) indicates that in family businesses, a high ratio of the family wealth is concentrated in the company; therefore, if the firm's performance is bad, it provokes an enormous economic problem in the family sphere. Consequently, this greater conservatism of family firms will probably be reflected in their internationalisation decisions, in such a way that:

H11 A positive relationship will exist between the level of family involvement in the firm and the perception of the risk that arises from international activities.

Finally, both the firm's age and size are two contingent variables that can be associated with the level of family involvement in the firm. With regard to age, very young firms can hardly be considered as family firms, according to the third dimension identifying family businesses (*i.e.*, the involvement of second generation owners in the firm). Most of them are family businesses in the first stages of the family firm's life cycle. Similarly, one of the main factors determining the family firm's survival in the long run is the family involvement in the firm (Gallo and Amat, 2003).

Many prior studies uphold a negative relationship between the size of the firm and the involvement of the owning family. The main reason behind this negative relationship is that family firms are not very interested in growth, as this growth could involve the lost of control on the part of the family (for instance, with the entry of third-party investing partners) (Harris *et al.*, 1994). For this reason, we outline our two last hypotheses:

H12 A positive relationship will exist between the firm's age and the level of family involvement in the firm.

H13 A negative relationship will exist between the level of family involvement in the firm and the firm size.

4 Methodology

4.1 Data

To carry out the empirical study, the top chief executive officers (either the chairpersons or the general directors) of 222 firms in Andalusia (South of Spain) were interviewed. All of them answered a questionnaire related to their perceptions on the internationalisation of their firms. By visited them personally, we tried to avoid the problems produced by the short response rate of postal surveys.

The firms were randomly selected from an overall database of Andalusian firms. Firstly, seven sectors were selected, with the only requirement that there be a significant ratio of exporting companies; and in order to avoid any bias, this ratio should be similar for every sector. Such selection was made as follows.

Firstly, a global database of firms was made by combining three regional databases of firms. This global database contained 19,863 firms. The export tendency (ratio of the number of exporting firms to the total number of firms by sector) was calculated for each sector (at the three-digit level), and it was subsequently weighed in terms of the representativeness of the sector within the global database (ratio of the number of firms in the sector to the total number of firms in the database). Depending on these results, those sectors with a value close to 50% (similar number of exporting and nonexporting firms) were selected.

In total, the database is comprised of 3597 firms from the selected sectors; therefore, the selected sample represents the acceptance of a sample error of 6.3%, with a confidence interval of 95%. Table 1 displays the main characteristics of the firms in the sample.

Table 1 Description of the sample

<i>Industry code</i>	<i>Industry</i>	<i>Number of firms</i>	<i>Export</i>	<i>Nonexport</i>
153	Preparation and preservation of fruits and vegetables	37 (17%)	31	6
154	Oil and fat manufacturing	17 (8%)	11	6
158	Other food products	38 (17%)	18	20
182	Clothing, textiles and accessories	33 (15%)	10	23
252	Plastic products manufacturing	25 (11%)	10	15
361	Furniture manufacturing	59 (26%)	19	40
362	Jewelry manufacturing	13 (6%)	7	6
Total		222 (100%)	104	118

To verify the response reliability, a second survey was conducted in every firm. This time, the interview was addressed to any person within the decision-making structure of the firm, other than the chief executives (for example, the director of the administration, sales or export departments, *etc.*). The first respondent was informed of this second interview. In this way, the consistency of the responses to the two interviews conducted in each studied organisation was tested.

4.2 Variables

Family involvement in the firm (FAMINV): In order to measure the level of family involvement in the firm, we have considered three various aspects: ownership, management and continuity (Neubauer and Lank, 1998; Gallo, 1995). Thus, the respondents had to answer the following three questions:

- 1 Is the share capital of the firm controlled by any family group?
- 2 Is the firm's general director or are most of the persons in a firm's top management team members of that family?
- 3 Does any member of the second generation of the family already work in the firm?

Classification of firms in only two groups (family versus nonfamily business) was avoided. We agree with Shanker and Astrachan (1996), who propose that family firms

should be defined by establishing a continuum (from less to more) instead of a dichotomic categorisation. These authors indicate that the importance of such definition does not lay on whether or not the company is a family firm, but rather on the extent to which a family is committed to and have an influence on a given firm, and on how it exerts such influence and commitment.

Thus, we set a four-interval scale:

- 1 Nonfamily firm – a firm that answered negatively to the three questions posed above.
- 2 Firm with some level of family involvement – a firm that answered affirmatively to only one of the three questions posed.
- 3 Firm with quite a lot of family involvement – a firm that answered negatively to only one of the three questions.
- 4 Absolute family firm – a firm that answered affirmatively to all three questions.

CEO's characteristics (CEOCHAR): We have used a formative construct, considering three aspects associated with the individual:

- 1 training, which pertains to the level of education
- 2 age
- 3 language spoken.

Use of internationalisation support entities (EXPPROM): This is a formative construct. The respondents were given five entities of this type and were asked to indicate whether they had ever used any of them, and which one.

Perception of the risk arising from international activities (RISKPERC): In the field of exports, the concept of risk perception has been studied up to the present time through one single item. In our work, we have chosen to add several items, which would allow us to better approach the idea under study; that is why we adapted the scale proposed by Sitkin and Weingart (1995).

Firm size (SIZEFIRM): This is a combination of two variables: the number of employees and the sales figure. In both cases, for better approaching their distributions to the normal distribution, they were adapted using their neperian logarithm.

Firm age (AGEFIRM): It was calculated by subtracting the date of the foundation of the organisation from the moment the research was conducted. Due to the non-linearity of the response, we opted for using the logarithm of the age in order to smooth the distribution of the value reached.

Internationalisation level (INTERNAT): This is a combination of two variables, the first being the export intensity (total of exports against total sales figure), and the second an interval scale (Likert-type from one to seven) which hierarchised the level of involvement in the firm's foreign activities over the last five years.

4.3 Statistical analysis

A Structural Equation Modelling (SEM) is proposed in order to assess the relationships among the constructs, together with the predictive power of the research model. We have used the Partial Least Squares (PLS) technique because this tool is primarily intended for causal-predictive analysis in cases where the problems explored are complex and the theoretical knowledge is scarce. PLS is an appropriate technique to use in a theory development situation (Wold, 1979).

The analysis and interpretation of a PLS model is a two-staged process: First, we must analyse the assessment of the reliability and validity of the measurement model, and secondly, we must observe the assessment of the structural model. This sequence ensures that the constructs' measures are valid and reliable before attempting to draw any conclusions from the existing relationships among constructs (Barclay *et al.*, 1995).

5 Results

When espousing the results in a PLS model, it is necessary to distinguish between the measurement model and the structural model. With regards to the measurement model, we should further distinguish between the reflective and formative constructs.

As for the reflective construct, four aspects need to be taken into consideration. The first one is the individual item reliability. According to Carmines and Zeller (1979), the items that compose this aspect are considered reliable when they have a factor loading higher than 0.7 in their respective construct. In our case, the first item of the risk perception construct did not reach the required level, therefore it was eliminated. Once the construct has been refined, all the items would then meet the condition, as shown in Table 2.

Table 2 Construct reliability and convergent validity

<i>Construct</i>	<i>Final loading</i>	<i>Composite Reliability (CR)</i>	<i>Average Variance Extracted (AVE)</i>
RISKPERC		.955	.877
RP2	.9299		
RP3	.9494		
RP4	.9298		
INTERNAT		.904	.825
Export intensity	.9329		
INTERNAT degree	.8827		
SIZEFIRM		.865	.762
Ln-employees	.8481		
Ln-sales	.8966		
FAMINV		1	1
AGEFIRM		1	1

The second aspect is the construct reliability, which must be analysed. Here, the parameter under study is the so-called composite reliability (ρ_c), which is a measure of the internal consistency of the construct. In this case, a modest reliability is usually accepted when the composite reliability is above 0.7, although reliability higher than 0.8 is advised in order that can be consider as a high reliability level (Nunnally, 1978).

The third aspect to be noted is the convergent validity. For this purpose, the Average Variance Extracted (AVE) measure created by Fornell and Larcker (1981) must be examined. The value of this indicator must be higher than 0.5.

Finally, the discriminant validity, which measures whether the constructs are really different, must be analysed. For this purpose, AVE should be greater than the variant shared between one construct and other construct in the structural equation model (*i.e.*, the squared correlation between two constructs). For adequate discriminant validity, the diagonal elements should be significantly greater than the off-diagonal elements in the corresponding rows and columns (Barclay *et al.*, 1995). All of our constructs satisfy this condition (see Table 3).

Table 3 Discriminant validity

	<i>CEOCHAR</i>	<i>RISKPERC</i>	<i>EXPPROM</i>	<i>INTERNAT</i>	<i>FAMINVOL</i>	<i>AGEFIRM</i>
<i>CEOCHAR</i>	N.A.					
<i>RISKPERC</i>	0.189	0.936				
<i>EXPPROM</i>	-0.227	-0.339	N.A.			
<i>INTERNAT</i>	-0.217	-0.681	0.274	0.908		
<i>FAMINVOL</i>	0.122	-0.079	-0.034	0.063	1	
<i>AGEFIRM</i>	-0.032	0.065	-0.086	-0.021	0.171	1
<i>SIZEFIRM</i>	-0.16	-0.28	0.094	0.456	-0.085	0.216

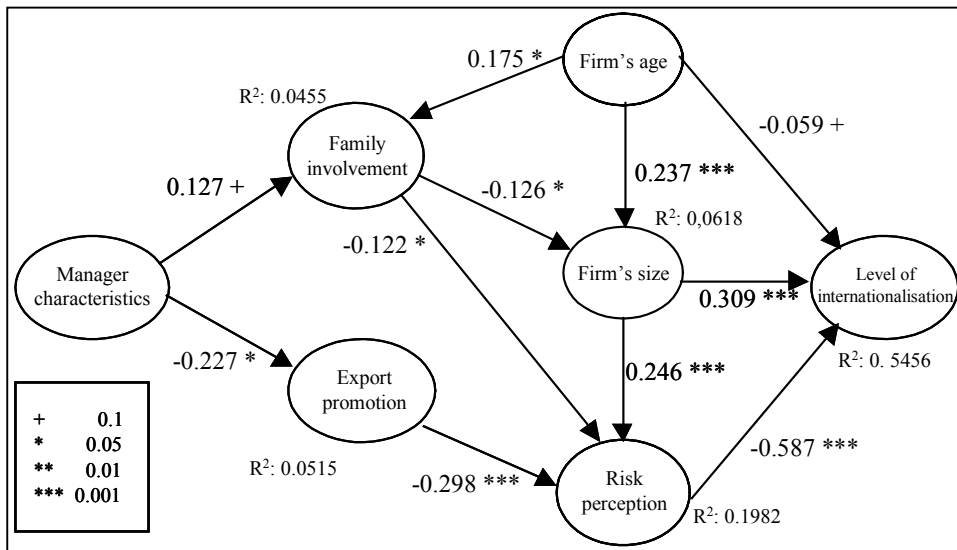
In terms of the formative constructs, it is necessary to verify that there is no colinearity among the items that compose them, as they would provide the same information to the structural equation model. The Variance Inflation Factor (VIF) gives information about this, suggesting values lower than five as appropriate (Belsley, 1990) (see Table 4).

Table 4 Statistics of colinearity (formative constructs)

	<i>VIF</i>
<i>CEOCHAR</i>	
Languages	1.140
Age	1.240
Education level	1.153
<i>EXPPROM</i>	
EP1	1.486
EP2	1.513
EP3	1.303
EP4	1.034
EP5	1.178

Finally, the structural model must be studied. Figure 2 shows the variance explained (R^2) in the dependent constructs and the path coefficients for the model. Consistent with Chin (1998), bootstrapping (1000 sub-samples) was used to generate standard errors and t-statistics. This allowed us to assess the statistical significance of the path coefficients.

Figure 2 Structural model results



6 Discussion

Out of the 13 relationships proposed as hypotheses, only two are not significant (H1 and H9). From the remaining 11, nine behaved as expected, while the other two showed an opposite behaviour to what we had proposed (H5 and H11). Below, we present a comparison of the results and the hypotheses.

The first three hypotheses directly related the CEO's characteristics and the risk perception by the use of export promoting public entities. The results allowed us to confirm H2 and H3 but not H1 (direct relation). It is safe to say that the higher the CEOs' education level and experience, the less likely they are to recourse to export promoting public entities; and that the use of these mechanisms contributes to reduce the risk perceived in internationalisation decisions.

The next five hypotheses related the firm's age and size with the internationalisation level. In this case, all the proposed relations are significant (with the exception of H7), although not always in the direction we outlined. Thus, it is confirmed that the older the firm, the larger it is in size (H4); and the larger its size, the higher its internationalisation level will be (H8). H6 is also confirmed, in such a way that the higher the perception of risks, the lower the firm's internationalisation level will be.

However, the direct relation between the firm's age and its level of internationalisation, although not significant, does show a negative sign (path coefficient = -0.059) in opposition to H7. Similarly, firm growth does not seem to reduce the

perceived risk, so that the results show a positive relation between firm size and risk perception (contrary to our statement in H5). According to International Entrepreneurship literature, young firms seem to assume higher risks because they have a more optimistic vision of international opportunities while they try to minimise risks related to new international ventures. This finding seems to support the new current of works about 'born global' firms, or very young firms with a high internationalisation level. The proliferation of this type of firms is questioning the classical models of the internationalisation process (Johanson and Wiedersheim-Paul, 1975; Johanson and Vahlne, 1977; Bilkey and Tesar, 1977; Andersen, 1993); at the same time, it is fostering the development of new approaches such as that of the International Entrepreneurship (Oviatt and McDougall, 1994; McDougall and Oviatt, 2000; Zahra and George, 2002).

The last five hypotheses consider the level of family involvement in the firm. Here, it is worth noting that no direct relation is verified between being a family firm and the internationalisation level (H9). Yet in spite of this result, the other relationships did allow us to verify the existence of indirect relationships. In the first place, firm age has an impact on the level of family involvement in the firm, as proposed in H12. Secondly, CEOs' characteristics have an impact on the level of family commitment, in such a way that their experience and education level are higher in firms that are more of a family-type than in those less of a family-type (H10 is confirmed). It must be taken into account that the longer the firm has been managed by the family, the greater the family involvement will be. Therefore, results show that the education of the family members who participate in the firm's management seem to influence the future of the firm as a family enterprise. Finally, according to the classical theory of aversion to growth of family firms (H13), the higher the family involvement, the smaller the size of the firm. However, H11 proposed that more family-owned firms should show a higher perception of the risks arising from the international expansion of the firm. Not only do our results hinder us from confirming this statement, but they also show exactly the opposite thing.

7 Conclusion

The results obtained in this study significantly contribute to understanding a large set of causal relationships in terms of the internationalisation level. They contribute to ascertain the influence of family involvement on this type of strategic decision. In this regard, the present work is the first study that incorporates family involvement in a causal model, in which the final dependent variable is the level of internationalisation of the firm.

This paper is an important contribution to the academic sphere, at least on three grounds. First, through a multidimensional model that considers variables at both the individual and firm levels, the work allows for development in the study of the internationalisation process for small and medium-sized enterprises. Second, the methodology used (which is an exploratory causal model via the PLS method) allows for a better understanding of the indirect relations between variables. In this way, with the use of other statistical instruments (this is the absence of a direct relation between the family nature of a firm and its level of internationalisation and the identification of indirect relationships), it has been possible to identify relationships that have been concealed to date. Thirdly, this investigation serves as an important step in considering

the family involvement in the firm when it comes to understanding international expansion decisions. This dimension has been neglected by the extensive literature on business internationalisation, with only a few exceptions (Okoroafo, 1999; Gallo and Sveen, 1991; Gallo and García-Pont, 1996).

At the same time, our results can be very useful for those public entities that focus on supporting the internationalisation of small and medium-sized enterprises. These entities are not taking into account the familial nature of the firm when designing their policies. Yet our work seems to indicate that this dimension may have some impact on internationalisation decisions. We should not forget that the majority of SMEs are family businesses, and that they have to compete in a world which is the more and more becoming globalised. Hence, their entry into foreign markets may be a necessary condition for survival.

Nevertheless, this work has some limitations. Firstly, we must point out that the model proposed is an exploratory model; and therefore it may occur that, in the light of the results, it is deemed convenient to introduce new variables and relationships into the model (although this has to be done without prejudice to the current parsimony). In this sense, it might be relevant to consider the CEOs' cognitive dimension and international enterprising orientation, or even the generation level of the firm. Similarly, the sample used is restricted to one region in one single country (Spain). Therefore, we do not know whether the conclusions that have been drawn can be deduced from other geographical areas, or if they are affected by cultural aspects.

Nonetheless, this work opens an important research line in the intersection between the fields of international business and family firms. For this reason, we believe that new investigations, which incorporate the familial dimension of the firm into the general models of internationalisation decisions (either on the basis of the classical sequential models or of the recent models associated with international entrepreneurship), must be developed.

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