The strategic decision-making process for the internationalization of family businesses

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Abstract

**Purpose of the paper:** The principal aim of this study is to contribute to the literature on family businesses by providing some new insights about international strategic decisions of born global.

**Methodology:** An explorative, qualitative research has been employed. In-depth interviews with four main decision-makers of family businesses, involved in international activities, were conducted to examine the main factors influencing their strategic decisions.

**Results:** The research allowed to verify whether the factors identified by previous studies were correctly defined, by assessing their influence on international development decisions, and whether any other factors of influence emerged.

**Limits:** The main limitation of this paper is the sample's characteristics, which do not allow a complete generalization of the results.

**Implications:** This study mainly permits to analyze the interactions within the family group involved in the management of companies, enriching the field of analysis that in previous studies was mainly focused on the characteristics of the entrepreneur or the managers.

**Originality of the paper:** This paper is one of the few contributions examining, on one hand, born global family firms and, on the other hand, which factors influence the main strategic decisions in the international context.

**Key Words:** family businesses; internationalization; strategic decision-making process; born globals

1. Introduction

The increasing level of globalization has made the importance of internationalization ever more an essential condition to ensure survival and growth for several firms, especially for the smaller ones (Stieg et al., 2017). On this respect, an increasing attention on family firms' internationalization emerged (e.g., Pukall and Calabrò, 2014). However, the examination of how small family firms make strategic decisions in an international context seems to deserve more attention.

Based on the above, the principal aim of this study is to examine which are the main factors influencing the family firms’ decision to internationalize and the subsequent key strategic decision, according to the born global perspective.
To achieve our objective, we decided to adopt a multiple case study. Data were mainly collected through in-depth, face-to-face interviews with the main decision-makers for international activities of Italian family businesses located in the Marche region.

The paper is structured as follows. The next section provides a review of the literature. The following section presents and discusses the findings. The article concludes with some final comments on the findings and some recommendations for management.

2. Theoretical framework

Family businesses and internationalization

In recent years, a growing interest towards the internationalization of family-owned businesses (FBs) has emerged (Pukall and Calabrò, 2014; Casillas et al., 2010; Kontinen and Ojala, 2010; Arregle et al., 2012;), and several studies have emphasized specific features in the internationalization of smaller FBs in comparison with non-family-owned businesses (NFBs) (Crick et al., 2006; Fernández and Nieto 2005; Graves and Thomas, 2006; Kontinen and Ojala, 2010).

Being a FB defined as “a company owned and governed by the family, where younger members will set control over the business, following the elder ones” (Ramadani and Hoy, 2015, p. 15), its key features have been identified in the role of the family in managing strategic decisions and operations (Daspit et al., 2019). According to Poza (2013), four main characteristics (distinguish) a family firm, such as: the family presence; the intersection of family, ownership and management; the competitive advantage resulting from the interaction of family, ownership and management; and the owner’s desire of maintaining the business in the family.

To analyse the internationalization of FBs, several scholars decided to adopt theories related to the SMEs’ internationalization, starting from the most adopted Uppsala model (Johanson and Vahlne, 1977; Falahat and Migin, 2017), to the network theory (Johansson and Mattsson, 1987; Rexhepi et al., 2017), and the international entrepreneurship theory (McDougall and Oviatt, 2000; Rexhepi et al., 2017). Within these theories, a wide range of studies defined and examined different factors influencing the internationalization of FBs. The majority of these studies were mainly focused on the examination of specific factors, such as: (i) family-specific factors, particularly those related to the family involvement (Baronchelli et al., 2016; Casillas and Acedo, 2005; Calabrò et al., 2013; Sciascia and Mazzola, 2008; Sciascia et al., 2013), family ownership (Chen et al., 2014; D’Angelo et al., 2016; Sciascia et al., 2012; Fernández and Nieto, 2005), generational change (Claver et al. 2009; Fernández and Nieto, 2005), and family management dimension (Davis and Harveston, 2000; Claver et al. 2009; Calabrò et al., 2016); (ii) Firm-related factors, with a particular focus on firm size (Baronchelli et al., 2016; Sciascia et al., 2012; Sciascia et al., 2013), firm age (Arregle et al., 2012; Calabrò et al., 2013; Sciascia...
et al., 2012; Sciascia et al., 2013) and industry/sector (D'Angelo et al., 2016, Merino et al., 2015; Duran et al., 2017); (iii) Context-related factors, particularly the size of the domestic market and the belonging to industrial districts (Marinova and Marinov, 2017; Francioni et al., 2019); (iv) Top management and entrepreneur related factors, with particular reference to the characteristics of both the entrepreneur (Calabrò et al., 2013; Davis and Harveston, 2000; Ramón-Llorens et al., 2017) and the external managers (Arregle et al., 2012).

Gallo and García Pont (1996), adopted a scheme based on three categories of factors: strategic factors, family firms’ organization characteristics, and top management features. Each category was divided into elastic and rigid variables, the former accelerating and strengthening the internationalization process, and the latter delaying the process. More recently, Marinova and Marinov (2017) divided the drivers of the internationalization of small family businesses in entrepreneur-specific, firm-specific and context-specific factors.

Later on, Francioni et al. (2019) merged Gallo and García Pont (1996) and Marinova and Marinov (2017) schemes, by combining: top management attitudes with entrepreneur-specific factors; strategic factors (external to the family) with context-specific factors, and family issues (internal) with firm-specific factors.

Other recent studies focused on more specific factors affecting the FBs internationalization, such as political ideologies and political orientation of the government (Duran et al., 2017), generational change (Stieg et al., 2017), stewardship and employee orientation (Segaro et al., 2014), family network ties (Kontinen and Ojala, 2011a; 2011b); and the international work experience of family members (Majocchi et al., 2018).

Following the socioemotional wealth (SEW) model (Berrone et al., 2010), Scholes et al. (2016) identified four main categories of family effects on internationalization: networks, harmony, trust, and resources/capabilities.

With reference to both the international and the family context, some authors attempted to examine the role of some factors on internationalization decisions, such as the controlling family’s receptivity towards internationalization (Holt, 2012), the external involvement in governance (Arregle et al., 2012), the family structure (Arregle et al., 2019) and involvement (Arregle et al., 2016). However, regardless of the different factors affecting internationalization decisions, some researchers (Holt, 2012; Arregle et al., 2012; Arregle et al., 2016) agree that “family firms tend to make particularistic decisions regarding internationalization”. However, while some authors (e.g. Holt, 2012) have stated that FBs may have few resources for developing international opportunity identification practices, others (e.g Zaeafarian et al., 2016) have stated that a long-term orientation allows the company to be engaged in longer-term projects, since the majority of family firms attempt to make their decision for ensuring a succeeding generation. This is generally connected with the creation and development of internal knowledge structures, that can contribute to the identification of international opportunities.
Born globals

Born global firms (BGs) have received growing attention in the last two decades (Rennie, 1993; Oviatt and McDougall, 1994; Knight and Cavusgil, 1996; Madsen and Sevais 1997; Moen and Servais 2002; Knight and Cavusgil, 2004; Oviatt and McDougall, 2005; Fan and Phan, 2007; Hagen and Zucchella, 2014; Knight, 2015; Danik and Kowalik, 2015; Cavusgil and Knight, 2015; Knight and Liesch, 2016; Choquette et al., 2017).

The emergence of BGs was mainly due to “the advances on technology, new developments in transportation, international financing opportunities, less trade barriers and more cooperative countries with mutual trade agreements” (Falahat and Migin, 2017, p. 112). In such a context, “exporting can be the primary goal of the firm even upon its inception” (Rennie, 1993, p.1). As a result, in many countries, BGs came to account for a significant share of export growth (Knight and Liesch 2016).

The various definitions of BG are mostly based on the time spent from the foundation to the beginning of international operations (Knight and Cavusgil 1996; Rasmussen et al., 2012; Rasmussen and Madsen 2002; Moen and Servais 2002; Mort and Weerawardena 2006), on the geographic scope of international activities (Sharma and Blomstermo 2003; Chetty and Campbell-Hunt; 2003;), and on the relevance of international operations (Moen 2002; Rasmussen and Madsen, 2002; Moen and Servais 2002; Chetty and Campbell-Hunt, 2004; Knight and Cavusgil 2004; Mort and Weerawardena 2006).

It has been highlighted how in most cases one of the most relevant BGs’ business strategy is the global technological competence, that is “the firm's technological ability relative to cohort firms in its industry” (Knight and Cavusgil, 2004, p. 130). Nevertheless, despite several studies having focused their attention on high technology industries (Cavusgil and Knight, 2015), born global cannot be considered as just a high-tech industry phenomenon (Eurofound, 2012). Indeed, BGs have been analyzed also in other industries, like traditional manufacturing (Taylor and Jack, 2012), services (Falay et al., 2007), retailing and wholesale (Schneor, 2012), and basic manufacturing (Knight and Cavusgil 2004; Cavusgil and Knight, 2015). According to Eurofound (2012), the majority of firms operating within more traditional sectors are generally family firms and mostly located in industrial districts.

With reference to BG family firms, although their existence was recognized, few studies (Falay et al., 2007; Paliwoda et al., 2009; Kontinen and Ojala, 2010; Wach, 2014; Jorge et al., 2017) have examined their internationalization process. Wach (2014) focused on early internationalization, highlighting that BGs are more frequent among non-family firms. Kontinen and Ojala (2010) analyzed firm's internationalization pathways, and they discovered that the process followed by family small and medium enterprises (SMEs), with a more concentrated ownership base, drive to born global or born-again global pathways (Kontinen and Ojala, 2010). Similarly, Jorge et al. (2017) pointed out that the internationalization of family SMEs is not entirely explained by a gradual process of commitment to international markets because of
the characteristics of management and organizational mentality.

Mustafa et al. (2013) identified the socio-cultural factors affecting the internationalization pathways of family firms, and classified them in: traditional, born global, and born again global.

Taking into account of previous literature, it seems that a more in-depth analysis is necessary, especially with reference to the determinants of fast internationalization. Among these determinants, a clearer picture of the factors linked to the characteristics of the family that influence the early internationalization choices of FBs is necessary.

3. Methodology

This study focuses on the analysis of factors influencing international strategic decisions of a specific type of family businesses: born globals belonging to the footwear sector and located in Italy. The choice of a specific sector is due to the need to reduce heterogeneity among firms depending on structures and processes that are sector-related (Francioni et al., 2017). The selection of the Marche region mainly derived from its peculiarities and for the presence of a footwear industrial district.

The decision to examine born global FBs was due to a shortage of studies focused on this type of companies (Wach, 2014). Given a very scarce empirical evidence about the strategic decisions related to a fast-international market development of born global FBs, a qualitative research methodology was adopted. This methodology, despite being time-consuming, allows “to learn directly from the research subject, reducing measurement errors common in survey studies which often need to make assumptions” (Dana and Dana, 2005, p. 80). Moreover, it helps to better understand entrepreneurship in the context of its environment, by analyzing players or agents as they act, relying in “their narratives, intentions, the terms of their actions and interactions (the how)” (Dana and Dumez, 2015, p.157).

The case study approach has been adopted for its helpfulness in international business (Welch et al., 2011) and family business (Leppäaho et al., 2016) research. On the other hand, a case study methodology is appropriate for developing new empirically theoretical/practical insights (Eisenhardt, 1989) and integrating new empirical insights with prior results (Yin, 1994; Vissak et al., 2017). Moreover, a multiple case study approach permits a better definition of both more general conclusions and more direct comparisons between the differences and similarities of the implementation practices (Silverman, 2000; Eisenhardt and Graebner, 2007; Stake, 2013). Finally, we used information from different sources for a more exhaustive and comprehensive understanding of the topic (Yin, 1994; Stake, 1995).

For selecting cases a purposeful sampling strategy has been used. Companies have been selected according to the following criteria: they had to be both BGs and FBs, and they had to be SMEs, with less than 250 employees, according to the EU definition. Table 1 describes the main characteristics of the cases analyzed.
<table>
<thead>
<tr>
<th></th>
<th>Company A</th>
<th>Company B</th>
<th>Company C</th>
<th>Company D</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>FIRST COUNTRY OF EXPORT</strong></td>
<td>Netherlands</td>
<td>Germany</td>
<td>France</td>
<td>Germany</td>
</tr>
<tr>
<td><strong>FIRST YEAR OF EXPORT ACTIVITY</strong></td>
<td>1958</td>
<td>1987</td>
<td>2015</td>
<td>1982</td>
</tr>
<tr>
<td><strong>% OF FOREIGN SALES DURING THE FIRST YEAR</strong></td>
<td>50%</td>
<td>40%</td>
<td>50%</td>
<td>20%</td>
</tr>
<tr>
<td><strong>% OF FOREIGN SALES 2016-2017</strong></td>
<td>99% - 100%</td>
<td>80%</td>
<td>50%</td>
<td>50%</td>
</tr>
<tr>
<td><strong>NUMBER OF EMPLOYEES</strong></td>
<td>30</td>
<td>26</td>
<td>11</td>
<td>60</td>
</tr>
<tr>
<td><strong>COUNTRIES OF EXPORT</strong></td>
<td>France, Germany, Switzerland, Holland, England, Finland, Montenegro, Serbia, Spain, Canada, USA, Japan, China and Hong kong, Australia, Mongolia, Nigeria, Tunisia, United Arab Emirates, Israel, Russia.</td>
<td>Germany, Holland, Belgium, Austria, Switzerland</td>
<td>France, Germany, Greece, Spain, Switzerland, Sweden, Denmark, Belgium, Australia, United States, Russia</td>
<td>Canada, Japan, Russia, Ukraine, Mongolia, France, Belgium, Holland, Japan</td>
</tr>
<tr>
<td><strong>OWNERSHIP</strong></td>
<td>Concentrated: 100% owned by the entrepreneur and his wife.</td>
<td>Concentrated in the hands of two brothers: 50% each.</td>
<td>100% concentrated in the hands of the entrepreneur</td>
<td>Concentrated: ownership equally shared between the three daughters of the entrepreneur</td>
</tr>
<tr>
<td><strong>FAMILY MEMBERS WITHIN THE COMPANY</strong></td>
<td>Entrepreneur and his wife and son</td>
<td>2 brothers (entrepreneurs) and one of them’s daughter</td>
<td>Entrepreneur and his wife</td>
<td>Entrepreneur, his wife and 3 daughters</td>
</tr>
</tbody>
</table>

Source: authors’ elaboration

For an in-depth examination of the factors affecting the international strategic decisions of the observed firms, a framework created by combining the schemes of Gallo and Pont (1996), Marinova and Marinov (2017), and Francioni et al. (2019), enriched with further variables, was adopted (Table 2). In detail, additional variables were the strength of family network ties (Kontinen and Ojala, 2011a; 2011b), and the family members’ international work experience (Majocchi et al., 2018).

Other factors, such as the level of board services (Bauweraerts et al., 2019), quality of strategy execution (Kano and Verbeke (2018), and political orientation of the government (Duran et al., 2017), despite being relevant, have not been included, given their not strict relationship with international market development speed.
Tab. 2: Analysis framework for the factors influencing family businesses’ internationalization according to the born global perspective (with reference to previous studies adopting the variable)

| Top management and entrepreneur related factors | - Commitment to internationalisation (A, C)  
- Speed in decision-making (A, C)  
- Concern for an intense dedication to the long term (A, C)  
- Background of the entrepreneur (Education, Knowledge of foreign languages, International experience, Prior work experiences) (B, C)  
- International orientation/Global Orientation (B, C)  
- International travel experience (B, C)  
- Perception of risk (B, C)  
- Risk aversion (B, C) |
| Family factors | - Family members interested in internationalisation. (A, C)  
- Work opportunities for other family members through internationalisation (A, C)  
- Family members prepared for internationalisation (A, C)  
- Internationally oriented competences and skills of younger family members (A, C)  
- Family network ties strength (Kontinen & Ojala, 2011a: 2011b)  
- International work experience of family member (Majocchi et al., 2018) |
| Firm’s specific and strategic factors | - Size (B, C)  
- Resources (Human, Economic, Financial, Organizational) (B, C)  
- Industry (B, C)  
- Products and services oriented towards national or international customers market positioning of product offer (A, C)  
- Level of technology for innovation and production processes (A, C)  
- Level of technology for internal organization and external relationships (A, C)  
- Level of risk by operating in only one country (C) |
| Context-related factors | - Size of the domestic market (B, C)  
- Market trends and growth opportunities in the home and foreign markets (B, C)  
- Belonging to industrial districts (B, C)  
- Possibility of alliances with other family businesses (A, C) |

A: Gallo and Garcia Pont, 1996  
B: Marinova and Marinov, 2017  
C: Francioni et al., 2019

Source: authors’ elaboration

Data collection and analysis

Semi-structured and open-ended interviews were conducted in each company with the main decision-maker in international strategic decisions. In most cases, the interviewee was the founder of the company, except for case A, where the interview was conducted with the son of the founder, who is the current owner and holds the position of general manager. In order to increase the accuracy of the questions, the interviews were administrated in the respondents’ native language (Mullaymer et al., 2015). All the interviews were conducted in the firms’ office, between July 2017 and November 2018, and lasted between 50 and 110 minutes. All interviews were digitally recorded, transcribed and translated from Italian into English. After a first analysis, follow up telephone interviews were conducted in order to clarify unclear topics and add missing information.

For ensuring data triangulation, we gathered additional data through different secondary sources, such as the companies’ websites and reports, export data, brochures and direct observation (Mathias et al., 2018).
Finally, for the data analysis we followed the procedure recommended by Ghauri (2004) and Zaefarian et al. (2016), based on writing, in a first step, a case history for each company, including a chronological order of the events. Then, based on the literature review and the aim of the research, data coding for each firm was conducted, and finally discussed among the researchers. According to Miles et al. (1994), for the analysis of the multiple cases, pattern-matching logic was adopted.

Respecting the firms’ request to remain anonymous, their names have not been reported.

4. Findings and discussion

Reasons for internationalization

The cases analyzed are companies that opened up to foreign markets within a short time from their foundation: within three years for companies A and B, and after one year for the remaining two - C and D - among which company C internationalized the same year as its foundation. Therefore, all of them can be considered as born global companies (Knight and Cavusgil, 1996). The main characteristic that the companies have in common is the search for additional spaces in a market that is increasingly competitive, and which favors the offer of low-priced products. Italian producers offer quality products at higher prices than other countries, and this means having to broaden the geographical boundaries of their market, reinforcing a niche strategy, which increasingly need to take a global dimension. Indeed, as the owner of company B stated: “in Italy consumers tend to spend less and less for this type of product, made in Italy sneakers with an approximate cost of € 200/250 is becoming a niche product”.

The decline in demand that characterized the last decade was also important, both on the domestic and foreign markets. As the manager of company C said: “If in previous years you could sell on average 6 pairs of shoes per person, now the number has dropped to just one”. Therefore, the owners decided to enter in new foreign markets.

A further reason for rapidly internationalizing was in the characteristics of the sector, which contributes significantly to the search for market spaces abroad, given that foreign buyers have always appreciated Italian footwear. The international nature of the footwear industry has been emphasized by companies B, C and D. According to the latter, the simple participation in international fairs has opened up market spaces all over the world: “When we started to participate in fairs, both in Italy and abroad, customers came from all over the world. One of the most important fairs was in Dusseldorf, Germany. From that fair one could reach customers from far away, not only Europe, but also from America and Canada”.

Thus, overall, we can conclude that, similarly to several previous studies (Vissak et al., 2017), the main reasons for starting internationalization since the beginning of company life are related to the external environment conditions. At the same time, all firms can be considered as mainly passive/reactive (Nunes and Franco, 2015; Francioni and Musso, 2015; Francioni et al., 2017), as they have mainly relied on trade fairs.
Top management attitudes and entrepreneur specific factors

Among the characteristics of the entrepreneur that most seem to have influenced the choices of fast internationalization, the education and cultural level emerged (Marinova and Marinov, 2017; Francioni et al., 2019). This aspect seems to be important not so much for the technical skills acquired, but for the open-minded approach to new experiences and the ability to analyze long-term trends, allowing to acquire a strategic vision. This attitude cannot be obtained just with experience, and it requires a proper education. For instance, both owners of company C, husband and wife, are graduates. They stated that “education may have affected the attitude but not the start of the internationalization process”.

At the same time, the importance of experience has been recognized, as reported by the owner of company A, the founder’s son: “... my mother and me both studied, while my father has only practical experience, and this balanced things: if we were just graduates we would not have been able to do anything “. Undoubtedly, experience has greatly influenced the international choices, but this, according to the owner of company A, happens only “to the extent that there is a predisposition to come into contact with different cultures, and therefore to have the flexibility that allows managing relationships with subjects that have totally different approaches and personalities. Thus, above all it is necessary to have intelligence and empathy”.

Knowledge of foreign languages, although useful, was not considered a key skill because, according to the entrepreneurs, solutions can be easily found, either by using interpreters or by getting help from sales agents and intermediaries. This finding is in contrast to that of Marinova and Marinov (2017), who stressed how foreign language proficiency was important for enabling a targeted exploration for foreign clients.

As a confirmation of the importance of education being an element that stimulates international openness, there is the fact that all decision-makers stressed the importance of an international orientation, which is favored by having traveled, by a balanced perception of risk and by recognizing that psychic distance is an issue, but not a binding one.

With reference to the importance of having traveled and having known different situations, rules and cultures, the entrepreneur of company A underlined how it is useful, when he stated that “by traveling you grow, enhancing your flexibility to face new situations, like when it can happen to spend a night in a custom office because of incomplete documentation, then having to face a series of obstacles to unlock the problem. If one has never left his house, will be not able to solve the situation”. This kind of experience provides an attitude to face different situation in a continuously changing environment, making it easier to think about a quicker market development. With respect to risk, about which all interviewees are aware, their perception is that it is not a braking factor. For example, as regards company B, at the beginning the perception of the risk of the two owners was very high, especially with reference to the Russian and German markets after the fall of the Berlin wall. However, the awareness that in any case a level of risk must be faced in all markets, including the national one, has always prevailed, so it has not been a reason for foreclosure.
Indeed, as the manager of company D stated, “internationalizing does not mean taking no risks. Risks are always present, but entering in more than one market, they are fragmented. The possibility of selling in many markets, not only at the European level, means that the company overcomes the crisis of individual markets. This reduces the economic and financial risk”. This result contrasts with several previous studies (Marinova and Marinov, 2017; Acedo and Jones, 2007) examining early firm internationalization, according to which owners-managers of international new ventures and born globals have a lower perception of risk in comparison to those of traditional companies.

The decision-making compactness has favored the speed of internationalization choices, as reported by companies B and C. In particular, according to the manager of company C, “the fact that the company is small, and that power is in the hands of an individual, makes sure there is great speed in the decision-making process. This leads to greater flexibility and predisposition to the customer, even abroad”. This aspect has not been previously considered by any of the analyzed frameworks (Marinova and Marinov, 2017; Francioni et al., 2019; Gallo and Garcia Pont, 1996), and it can be considered a further relevant factor of influence on internationalization choices.

**Firm’s specific / strategic factors and family factors**

The characteristics of the company, namely size, economic, financial, and human resources, and the positioning of its offer are important characteristics that can influence the internationalization process.

Firm size does not seem to be a problem from the point of view of companies A, B and C, which are all small (with less than 50 employees). According to them, the advantage of small size lies above all in the flexibility and speed of adaptation to the different conditions encountered in foreign markets. As the owner of company A argued, “there are companies even smaller than us that do as much internationalization”. Similarly, both company B and C underline the importance of dynamism: “if in the past it was believed that small firms were not able to manage the international market development - said the manager of company C - today small businesses are much more dynamic, rapid in changes and adaptations, and in reacting to any type of problem”. However, firm D, which is medium-sized, offered a different picture, arguing that a medium-sized company can access resources and markets more quickly, while for small businesses difficulties are greater, especially with regard to exports. Therefore, it seems that this factor, previously considered by both Marinova and Marinov (2017) and Francioni et al. (2019) is considered important only as the size increases.

Another aspect that emerged for its influence to international development choices is that relative to the resources, in particular the financial resources that are necessary to face the costs of promoting and developing new markets. As the owner of company B stated, “If you don’t have any resources, you can’t participate in world fairs; every year we spend something like € 200,000 to participate in fairs and travel”. Similar statements came from the manager of company D, who underlined the
importance of investing in fairs and events, whose costs are particularly high, especially in emerging countries.

The technological level of the companies, which could represent a limit if less advanced than that of their competitors, turned out to be a non-influential aspect, both for the adequate level of technology reported by the firm, as in the case of companies B, C and D, and for the fact that products have a strong artisan character. This characteristic is particularly appreciated by the target customers because it represents an element that distinguishes Made in Italy products. This finding seems partly in contrast to what has been stress in previous studies (Gallo and Garcia Pont, 1996).

The opportunity to diversify the risk across multiple markets emerged clearly. In the case of company C, however, it happened with an inverse logic: the company initially developed in the French market, then, following a crisis due to bad relationships with the intermediaries used, it focused on the Italian market to survive. It was fundamental to diversify in order to move forward, not only in Italy but also in Germany and other countries. Therefore, the company has tested first-hand the risk of operating in only one market and thanks to this experience, it realized the importance of having a widespread presence in several countries.

As regards the role of the entrepreneur family, it emerged as each member and his/her interest in the internationalization process was influential for the rapid expansion abroad. About this, the more effective variable was the presence of young family members, both for their contribution in terms of new skills, such as those related to foreign languages and new marketing tools (Internet and social media), as in the companies A and B, and for the opportunity to ensure a future for the new generations of entrepreneurs, thus enlarging the time perspective for choices. As the owner of company B claimed, having a daughter to whom ensuring a professional future has helped to stimulate the search for new long-term opportunities for the company, which inevitably have been found in new markets, particularly emerging ones. Even the owners of company C, although their children are still young, have been influenced in their choices by the need to ensure continuity to the company, extending their strategic vision in this case too.

According to the interviewees, possible lack in the family members’ skills did not affect a fast internationalization. On the other hand, no resistance emerged from family members when the opportunity of expanding abroad was discussed, nor did the lack of international experience represent an obstacle that discouraged or delayed the choice to internationalize the company.

Overall, regarding firm-related factors, the firm’s size did not emerge as a limitation, confirming what the theories about born global support (e.g. Hagen and Zucchella, 2014). The major constraint is the lack of financial resources, given that companies have recognized that a rapid development of foreign markets is an action that requires significant investments in market analyses, sales promotion and market development. Relative to family factors, we can stress that one of the main factors that reinforced the commitment to internationalization was the presence of young family members. When they were involved in managing the company, they gave a boost to the development of foreign markets, thanks to their higher
level of education, compared to their parents, especially on issues related to the promotion through the Internet and the use of social networks, and language skills. By combining the experience of the parents with the new competences of their children, the achievement of successful fast development paths in foreign markets has been possible. Furthermore, the presence of young family members has also proved to be influential on a mentality more open to a global view and less intimidated by the idea of facing new experiences in less known contexts. As already highlighted in previous studies, the perceived risk changes its influence depending on whether the choice is addressed individually, by the entrepreneur, or with the support of family members. All the cases analyzed have shown that family support and the international orientation of family members contributed to a faster and even better decision-making. Moreover, where present, external managers have contributed to the international development of the company. However, even in the cases where the entrepreneur started the international development, the process was rapid and the impulse was strong, despite the absence of a specific previous experience. This means that among the variables relating to top management, the influence of a factor specifically linked to the entrepreneur emerged, which is what the Francioni et al. (2019) scheme indicated as international orientation and, more clearly, commitment to internationalization.

Context-related factors

Among the external conditions that influenced the international market selection, the sector which the firms belong to was highly influential. In fact, the footwear industry is one of the typical sectors that benefit from the “Made in Italy” effect, making foreign markets more open to Italian products. As the company C manager said, “the sector characters have strongly influenced the internationalization process of our company, as it has a natural international nature”. However, in order to succeed in foreign markets, it was necessary in some cases to create a strong brand in Italy.

Even the conditions of the national market influenced the speed of internationalization. Companies A, B and C reported internal market difficulties as a stimulus for expanding internationally. The entrepreneur of company A recalls: “after some insolvencies of clients in Italy we decided to move abroad”. In the same way, the manager of company C said: “The reduction of the domestic market in recent years in the footwear sector pushed the company to internationalize for surviving”.

Another element of influence was belonging to an industrial district. This was recognized by all the companies interviewed, not only with reference to the close presence of suppliers, but also for the promotion abroad, the organization of fairs and events, and for the acquisition of information regarding the new markets. As claimed by the manager of company D: “probably the company alone would not have achieved the same results. It would not have been able to have access to the same amount of information, just thinking of the high costs to take on individually”.

Finally, in contrast with previous studies (Gallo and Garcia Pont, 1996) we didn't find any influence of the factor related to the possibility of creating alliances with other family businesses.
In sum, looking at the context-related factors, the most important points that emerged were the stagnation of the national market, which led companies to undertake or accelerate the process of internationalization, and the belonging to industrial districts. In the latter case, the stimulus came not only from the opportunity to count on a local supply chain that provides greater responsiveness to changes in demand and greater flexibility in the supply of products (Caraganciu et al., 2018), but also from the opportunity to exploit a capital of knowledge, information and relationships that the industrial district can offer when it relates to foreign markets, according to what the literature defines as cluster-related channel economies (Musso and Risso, 2012).

5. Conclusions

This study focused on the factors that have influence on the main international strategic decisions of born global family firms, particularly those related to the fast development of exports. For the analysis, a series of factors have been considered, namely the characteristics of the entrepreneur, the influence of the family in decision-making processes, the firm’s specific and strategic factors, and external factors. The aim of the study was to understand how the aforementioned factors could (encourage) or limit the internationalization process of FBs, according to the born global perspective.

The study was carried out by analyzing the cases of four Italian FBs within the footwear industry. The analysis has been conducted by adapting previous frameworks that were used for studying the internationalization process of FBs (Gallo and Garcia Pont, 1996; Marinova and Marinov, 2017; Francioni et al., 2019).

The research allowed to verify whether the factors identified by previous studies were correctly defined, by assessing their influence on international development decisions, particularly those related to the choice of rapidly developing foreign markets since the first years of existence of the company.

Findings showed that the factors stimulating the internationalization process were mainly related to cultural and personal features of the entrepreneur, and these aspects were strongly connected to the characteristics and the role of the entrepreneur’s family. Indeed, the concentration of power in the entrepreneur’s hands, accompanied by a sharing of his strategic view with the remaining members of the family, emerged as the main variables with an influence on rapid decisions about where and how to expand foreign markets. Furthermore, the possibility of creating job opportunities for young family members was associated with a long-term perspective of the entrepreneur, therefore encouraging internationalization processes, counting on the fact that the business can continue in the future under the guidance of new generations, much more prepared and skilled towards foreign markets. This highlights the importance of understanding the subjective mechanisms of strategic decision-making for internationalization, having to investigate how and
why decisions taken with or without an interaction with family members, rather than ordinary collaborators, can take place differently, and leading to different outcomes.

A relevant point that emerged, as regards the entrepreneur’s characteristics, is the perception of the risk linked to internationalization. This perception, even if present in the decision makers’ mind, is associated with the acknowledgment of conditions which are not dissimilar from those found in the internal market. The advantage from developing foreign markets, as reported by the interviewees, is in the distribution of risks thanks to the diversification of markets. In the perception of risk, a precise influence of the entrepreneur’s family emerged from the research. Indeed, the family seems to provide a sort of reassuring function in the face of choices that could fuel to some extent an aversion to risk, partially confirming what previous studies (Boellis et al., 2016) highlighted.

Surprisingly, and in contrast with previous studies (Marinova and Marinov, 2017), the knowledge of foreign languages has not been reported as an essential skill. In fact, the lack of knowledge of foreign languages did not represent, where it emerged, an effective obstacle to the development of international relations. This aspect, that is counterintuitive against the common opinion in the field, is of particular interest. It could be attributable to the growing ease of communication, also thanks to an ever-increasing diffusion of basic English terms at the international level. However, behind this, a deeper cultural change can be identified, with growing common perception about cultural barriers, which are considered as less daunting than in the past. On these aspects, however, specific analyses are necessary to understand the real conditions of the phenomenon.

Among the factors related to the structural and organizational features of the company, the availability of financial resources and the level of technology within the company resulted as the most influential. However, regarding technology, it was not indicate as an absolute factor of competitiveness, since the footwear industry leaves space also for handicraft and manufacturing traditions, which are less dependent on technology.

As regards company strategies, what emerges most is the niche approach, consistent with the characteristics of the sector in which the companies analyzed operate. In fact, for these companies, international competitiveness is based on the high-quality level of production and the image of the country of origin, which in the fashion sectors is particularly strong for Italy (Pucci et al., 2017). This allows to pursue global niche strategies that express themselves in a dynamic key (Zucchella et al., 2007), proposing continuous aesthetic / incremental innovations that ensure the maintenance of a competitive advantage.

Among the external and context-related factors, the national market stagnation provided a significant stimulus for internationalizing. Another external factor of influence was the belonging to local economic systems, such as industrial districts, which emerged to be influential to a faster international development of small businesses, confirming the results of previous studies (Pepe et al., 2008; Marinova and Marinov, 2017; Caraganciu et al., 2018).
The results of this study make it possible to draw a conceptual model that puts in light which factors have most influence on the decisions related to foreign markets development by FBs when they follow a born global approach (Figure 1). These factors can be distinguished between primary factors, which resulted as being the most influential in choices, and secondary factors, for which a weak or no influence emerged. Figure 1 also highlights the influence that the factors related to the entrepreneur’s family exert on factors concerning the characteristics of the entrepreneur himself, highlighting how those aspects are affected by the family influence.

Fig. 1: Hierarchy of influencing factors on family businesses international market development choices

In addition to the study of the influencing factors on internationalization choices, this research allowed to analyze the interactions occurring within the family group involved in the management of companies, enriching the results of previous studies (Arregle et al., 2019; Bauweraerts et al., 2019; Casillas and Acedo, 2005; D’Angelo et al., 2016; Graves and Thomas, 2006; Holt, 2012; Merino et al., 2015; Sciascia and Mazzola, 2008; Segaro et al., 2014; Wach, 2014) on the role of the family in the strategic decisions of made by the SFBs. What emerged is a clear influence on the entrepreneur’s decisions to fast internationalize, thanks to a supportive role provided by decisional heuristics and fast thinking (Kahneman, 2011; Guercini et
that the presence of the family seems to stimulate. This result is worth to be better analyzed in specific studies that need to be conducted. Indeed, this study opens the way for future research on the influence of the family context in addressing the entrepreneur’s decisions. The hypothesis is that for complex decisions related to strategic options (therefore not in the presence of forced choices) the presence of family members can make the entrepreneur feel more confident and resolute in addressing choices. The consequent behavior would be more oriented to the decision speed and to the ability to counter the elements of uncertainty and indecision, which usually delay processes. Therefore, an area of investigation opens on these aspects, with the involvement of psychological perspectives and relating methodology tools.

Practical implications for business management emerge from this study, especially regarding the choices to be made at the organizational level, to better allow the members of the family to express their attitudes - depending on their role within the company - thus facilitating and improving the decision making process of the entrepreneur.

The main limit of this work is that the analysis has been conducted on companies from a single Italian region. Therefore, results should be compared with similar analyses carried out on the whole national territory and abroad. Another limitation of the study is linked with the quantity and heterogeneity of the variables considered. The model proposed is a first step towards the direction of a framework that could make clear the role and weight of each variable, also in their reciprocal influence.

Future research that may derive from this study could draw a model that relates the variables to each other and the way in which they affect the modes and the timing of internationalization. This could form the basis for measuring, through quantitative surveys, their weight and influence. Finally, further studies could be conducted through experiments, deepening the influence of psychological factors on choices, to better analyze the difference between decisions taken by the entrepreneur in a family context, and those taken in solitude or in a decisional context characterized by the presence of collaborators and managers.

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