

INTERNATIONAL STRATEGIC ALLIANCES AND THE INTERNATIONALIZATION PROCESS: THE FAMILY OWNERSHIP EFFECT

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Abstract

This study examines whether the ownership structure of Italian firms affects the internationalization process of firms that completed equity international strategic alliances (EISA). This paper provides a comparison of the internationalization intensity, the internationalization commitment, the choice of country and the growth of organisation between family businesses and non-family businesses. Financial data of Italian firms that completed an EISA between 2003 and 2006 were used. The analysis of data shows that family ownership has an effect on the internationalization intensity. In fact, family businesses are more internationalised than non-family businesses if firms have completed an equity international strategic alliance.

Key words: Alliance, family business, ownership structure, internationalization process.

INTRODUCTION

This work is a study which examines the effect of family ownership structure on the internationalization process of Italian enterprises with equity international strategic alliances. Using an inductive approach, this research seeks to determine if family ownership structure influences the internationalization intensity (export sales euro as a percentage of total sales euro), internationalization commitment, the choice of country and the organisational growth of Italian internationalized firms with Equity international strategic alliances (EISAs). The goal is to understand if the family ownership effect exists.

This paper is divided in four sections: the literature analysis, the method and data description, the empirical analysis and results and the conclusions. In the first section, the international strategic alliances (ISAs) are identified together with which form they assume. The analysis of literature is developed considering ISA as a way of market entry. In fact, when enterprises form strategic alliances with local partners they expand their activity across the board. The assumption is that Italian enterprises also internationalize through international strategic alliances (ICE 2005).

This phenomenon is often examined using the eclectic approach. This approach seeks to explain why international strategic alliances are important and which of their features influence the choice of the ISA forming process. The literature on family business examines the entrepreneurial behaviour of family businesses compared to non-family one, and analysing their differences. The relevant question of family business definition is discussed and it includes the direct and indirect ownership.

The analysis of data compares the differences between the groups of family and non-family businesses to understand what the ownership effect is on internationalization intensity, internationalization commitment and the localisation of an EISA. These variables are assessed using existing measures which have been adapted for this study. This research finds an influence of ownership structure on the internationalization process under specific conditions.

The list of family and non-family businesses with equity international strategic alliances and their financials is available in the data base of BvD Publisher. The sum of revenue of these enterprises is 6% of GDP 2006, where data are from 2003 to 2006. The data were examined using balance sheets of enterprises from MBRES, of Mediobanaca, and from the Italian Department of Commerce. New research opportunities are suggested in the conclusion.

LITERATURE REVIEW

International Strategic alliances

Strategic alliances can be made with foreign partners to achieve the benefits of a global strategy (Nielsen 2003). "International strategic alliances" (ISA) are defined as international inter-company cooperative arrangements (Urban and Vendemini 1992, Lu and Burton 1998). This kind of strategic alliance is defined as a business form of cooperation between two or more industrial corporations of different countries, whereby each partner seeks to augment its competences by combining its resources

with those of the other partners (Jain 1987, Lu and Burton 1998). Alternatively ISA has been defined as any form of commercial activity across national boundaries involving two or more organizations. The feature of ISAs is the “long-term” cooperation between two or more independent firms headquartered in two (bi-national) or more (multinational) countries. ISAs are different from open-market transactions, which are minimal short-term cooperations beginning and ending with the exchange of some economic goods between two firms. No strategic alliances increase the efficiency for both sides, and have little potential significance to the strategic positioning of either organization (Contractor and Lorange 1988).

The drivers of an ISA are based on a variety of theoretical perspectives including transaction cost, resource dependency, organizational learning and strategic positioning theories (Nielsen 2003). Collusion, entry deterrence, erosion of competitors’ positions or other means of augmenting market power are the more frequent incentives to collaborate between enterprises (Peridis 1992).

When a firm decides to form an ISA it has to decide the form, the object, the country and partner. The three principal alliance forms are: traditional joint ventures, minority equity alliances and non-equity alliances (Contractor and Lorange 1988). They are strategic if they let the firm maintain its identity, for example, acquisition is not a strategic alliance (Yoshino and Rangan 1995). Traditional joint ventures are alliances with two or more partners to create a new incorporated firm in which each has an equity position and representation on the board of directors: dependent joint ventures, dominant parent ventures, split-control ventures and shared management ventures. Minority equity alliances are similar to non-equity alliances except that one parent has taken a minority equity position in the order: passive minority equity alliance and multiple-activity minority equity alliance. Non-equity alliances are agreements between partners to cooperate in some way, but they do not involve the creation of a new firm, nor does either partner purchase equity in the other: trading alliance, coordinated- activity alliance, shared- activity alliances and multiple activity alliance (Contractor and Lorange 1988). When a firm explores new opportunities, it prefers equity alliances to non-equity alliances, even if it obtains less financial flexibility, because of the features of enterprise and its environment (Ireland, Hitt and Webb, 2006).

The object of alliances varies with the phases of the value added chain and so cooperations are R&D contracts, joint R&D, joint production, joint marketing and promotion, enhanced supplier partnership, distribution agreements, and licensing agreements. (Yoshino and Rangan 1995, Das and Teng 2000).

The choice of partner depends on the goal and object of the ISA, where the partner is compliant or complementary to the personality of the firm (Casson and Mol 2006).

The choice of country is oriented to the emerging markets or to developed markets, investors continue to view emerging markets as the markets for investing and making alliances. In terms of the investment locations, selected as the most attractive, four of the top five countries ranked by the percentage of responses from experts are in the developing world. China is considered the most attractive location by 85%. India’s ranking has increased suddenly given that until recently direct investment flows have been modest at best (UNCTAD 2005).

Emerging markets have different contexts from developed markets. A recent Harvard Business School study has identified the four fastest-growing markets in the world: China, India, Brazil and Russia. In these markets, the only way to enter is often through the establishment of alliances with a local partner (Khanna and Palepu 2005) Table 1.

Table 1 Modes of entry (Khanna and Palepu 2005).

US / EU	Brazil	Russia	India	China
Open to all forms of foreign investment except when governments have concerns about potential monopolies or national security issues.	Both Greenfield ¹ investment and acquisitions are possible entry strategies. Companies team up with local partners to gain local expertise.	Both Greenfield investment and acquisitions are possible but difficult. Companies form alliances to gain access to government and local inputs.	Restrictions on Greenfield investments and acquisitions in some sectors make joint ventures necessary. Red tape hinders companies in sectors where the government does allow foreign investment.	The government permits Greenfield investments as well as acquisitions. Acquired companies are likely to have been state owned and may have hidden liabilities. Alliances let companies align interests with all levels of government.

Internationalization process

Processes of internationalization are defined in different ways because there are different approaches to studying enterprises (Fletcher, 2001). In the eclectic approach, firms have three internationalization strategies: exporting, foreign direct investments and alliances (Lu and Beamish, 2001). These are not mutually exclusive even if they are distinctly different (Lu and Beamish, 2006). There are several reasons why firms pursue internationalization and there is a connection between them and the mode chosen. When internationalization is only on trading, the enterprise could have domestic production and foreign market, that can be direct or can be developed through external arrangements or joint ventures (John, Ietto-Gillies, Cox and Grimwade 1997). When enterprises want to exploit a market and minimize transaction-related risks, they choose foreign direct investment (Hennart, 1982; Rugman, 1982). In contrast, they choose alliances if integration between the partners is high and the uncertainty and urgency in decision making characterise venture business (Doz & Hamel, 1998; Arino & Reuer, 2004). Many industries, economies of scale and scope can only be achieved by expanding the potential customer base well beyond domestic markets, requiring that firms enter international markets through strategic alliance, mergers or acquisitions, or joint ventures in order to operate efficiently (Rondinelli and Black, 2000).

Competitive advantage can be gained from the synergies of having operations in many countries, for instance, those synergies gained by arranging the location of as-

¹ Greenfield investment refers to investment in new facilities and the establishment of new entities through entry as well as expansion, while M&As refer to acquisitions of, or mergers with, existing local firms.

sets in different places for different stages of the sourcing-production-distribution process. Firms can, for example, obtain raw materials in countries where prices are lowest, manufacture components in other countries offering low production costs, assemble components into finished products in countries with skilled labour and good support facilities, and distribute and sell those products in yet other countries where there is a strong consumer demand (Bartmess and Cerny 1993).

International expansions present limits for a firm, whereby they cannot all be successful (Burpitt and Rondinelli 2004). For most companies, and especially for small and medium-sized firms, expansion into unknown markets in countries with different economic, political, and social conditions and with unfamiliar cultural and business practices can be risky and expensive, especially if they allow the learning-by-doing process, because it could take time and result in a mistake (Dierick and Cool 1989). The alliance can succeed if potential problems, such as goal conflicts, lack of trust, understanding and cultural differences and disputes over the division of control, do not emerge (Lu and Beamish 2001).

Firms are continuing to increase their sales and operations across national borders; however a firm has to face two important decisions: one is about strategy decision and the other is location entry. The country is chosen by enterprises looking at market size, physical and political infrastructure, education levels and income pro capite (Ender and Shapiro, 2000). They decide between several entry strategies: no international involvement, licensing and franchising, exporting direct investment via a joint venture or the establishment of a wholly owned subsidiary (Piero Morosini, 2006).

Family ownership effect

Internationalization strategy decisions are influenced by the features of firms (Dunning, 1988), so ownership structure could influence the internationalization process. Ownership significantly influences a firm's strategic choices (Zahra, 1996; Zahra and Pearce, 1989). When researchers compare the degree of internationalization between family and non-family business they find that the family businesses have a lower degree. When Fernandez and Nieto (2005) compared internationalization in family and non-family small and medium enterprises, they found that the proportion of export firms and export sales is much lower in family-run than in non-family businesses. Both family and non-family businesses record an increase in extent of internationalization if they plan exports (Graves and Thomas 2006).

The power of family to decide the process of internationalization is related to the percentage of stakes owned by the same family, the degree of internationalization is directly proportionate to the family ownership if the family is oriented towards an internationalization strategy (Zahra, 2003).

If firms have stable relationships with other firms, they increase the available information on international markets, the opportunities offered by the markets (Bonaccorsi, 1992) and their exports increase (Fernandez and Nieto, 2005), so the organisation grows.

In a study on internationalization process via strategic alliances, Gallo, Arino, Manez and Cappuyns (2005) point out that a family business will develop the strength to

form a strategic alliance if the firms want to grow through the acceptance of indebtedness or a new equity partner. Several drivers motivate a firm to form an equity ISA, where ISA represents a way to internationalise or increase commitment in the process. The commitment in the internationalization process depends on the kind of strategic alliance choice, as well as other factors. Strategic alliances can be contractual or based on equity. When contractual, the level of commitment is lower than for one based on equity. Joint ventures require more commitment than a minority stake acquisition. Family firms with non family owners in the equity are more oriented towards EISA, because they are less frightened to lose control, so the decision to form a joint venture or acquire a minority stake depends on the ownership structure (Gallo, Arino and Manez, 2005).

The effect of ownership on international strategic alliances and the internationalization process

As suggested by Zahra (2003), it is important to explore if the choice of the mode of entry into international markets is influenced by contexts, ownership structures and in family businesses, by family dynamics

This study examines the ownership structure effect in firms with equity international strategic alliances, whereby family-run firms differ from the non-family firms with regard to the intensity of internationalization, internationalization commitment, the choice of country and the growth of the organisation.

The studies on family businesses with regards to the internationalization process often reveal a low degree of internationalization when compared to non-family businesses (Gallo, Arino, Manez, 2005; Zahra, 2003). The degree of internationalization was measured by the percentage of foreign sales in total sales (Lu and Beamish, 2001; Gallo and Pont, 1996; Zahra, 2003). In recent literature the degree of internationalization is measured using two factors: internationalization intensity (export sales euro as a percentage of total sales euro) and scope (number of foreign countries sold to) (Graves and Thomas 2008).

In this study one of those factors: the internationalization intensity, is observed. Family businesses with equity international strategic alliances have a greater propensity to internationalize. This analysis of family firms behavior should confirm the major incidence of foreign sales on total sales of family businesses or it could reveal a different result.

Hypothesis 1: Family businesses are less internationalized than non-family businesses

The definition of a family business is often different in literature. There are broader or narrower definitions (Astrachan & Shanker, 2003). The family business definition normally includes the presence of a family member in the management team besides ownership, and the share of capital owned by family members cannot be less than a given percentage.

According to GEEF (European Group of Owner Managed and Family Enterprises), Casado defines a family business when in a company:

1. *a majority of (direct or indirect) voting rights are held by the person who founded the company and owns the company's share capital, or by this person's spouse, parents or children, or children's direct heirs;*
2. *at least one family member or relative is actively involved in managing or running the company;*
3. *in a public limited company, the person who founded or acquired the company, or this person's family or descendants, hold at least 25 per cent of the voting power of the shares.*

The family can influence a business through its ownership, governance, and management involvement (Astrachan, Klein, Smyrnios, 2002). Klein (2000) supports that these means are interchangeable and additive. In literature every author tends to give a different relevance to these issues. The ownership structure analyzed is usually the direct one and the indirect is not taken into consideration. This paper considers direct and indirect ownership. In fact Faccio and Lang (2002, p.19) consider family firms as the firms also owned by a family holding, whereby the family controls the firm through a "multiple control chain". A family-run firm is classified as such if a family has strategic control of the business with ownership of share of capital and members of family in the management team and the CEO (Klein, 2000). In Graves and Thomas (2006), a family business must have a family ownership of more than 50% and one or more members in the management team. Zahra (2003) singles out family businesses through two variables, one is the share of capital owned by the family and the other is the share of capital owned by the manager, who is also a family member. In this paper, the firm is classified as a family one when the share owned, directly and indirectly², by family is more than 25% (Klein, 2000) and one member of the family is the president or on the board.

Firms choose equity international strategic alliances (EISA) when they form alliances to explore market opportunities successfully. The decision of sharing equity ownership requires a higher level of commitment in comparison to non-equity alliances (Ireland, Hitt, Webb, 2006). Similarly, a joint venture with 50% of ownership is a more important investment relative to a minority acquisition. Gallo, Arino and Manez (2004) point to a certain parallelism between the level of commitment to internationalization and the structure of strategic alliances. This paper examines whether family ownership has an effect on the commitment towards internationalization of firm.

Hypothesis 2: Family businesses have different preferences when choosing the ownership structure of an equity international strategic alliance (EISA).

Family businesses choose EISA because they don't want to lose control of ownership (Gallo, Arino and Manez, 2004). If the environment is uncertain and dynamic firms decide to form an equity strategic alliance instead of non-equity, they can control or develop a deal in a better way (Ireland, Hitt, Webb, 2006). The majority of countries in this paper are likely to be at risk because the enterprises selected have formed an equity alliance. The rank of risk of country was used to assess if family ownership has

² If family owns x% of the family holding and family holding owns y% of firm, family has an ownership control = direct control + indirect control, where indirect control is the minimum value between x% and y% (Faccio and Lang, 2002).

an effect on choice of country in which firms invest to explore the market. The localization of EISA is an important phase in forming the alliance. The firms in the list probably chose the country without looking at its risky rank.

Hypothesis 3 Family businesses form equity international strategic alliances in risky countries just as do the non-family businesses.

Sales are a financial outcome that can measure the growth of an organization and is an accepted outcome used throughout the strategic alliance and family business literatures. It is significant to examine whether a family business grows more than a non-family business in the list selected.

Family businesses are more concerned with the growth of the business rather than having high levels of profit (Devis and Haveston, 2000). Thus, in this paper, business growth is measured by sales growth. Consistent with Lu and Beamish (2001) who found that firms record a lower profit after forming an ISA, even if they use different financial outcomes to verify it, it is asserted that all enterprises will lose sales.

Hypothesis 4 Family businesses lose revenue as much as non-family ones after forming EISA.

The influence of family ownership and entrepreneurship is studied throughout the family business literature. A model was developed grouping family businesses and considered if they have a direct ownership, a direct and indirect or just indirect ownership. The following groups were examined:

1. family businesses owned just by family holding,
2. family businesses owned by family members and family holding and
3. family businesses owned just by family members;

Hypothesis 5 Family ownership influences the preference of country where the EISA is formed.

METHOD AND DATA DESCRIPTION

To understand if there is an effect of family ownership on diverse variables, researchers typically separate family businesses and non-family businesses by a variable with dichotomy behaviour, after defining the family business. To compare two groups, and to be consistent with past research, this study adopts non-parametric statistical techniques to accommodate non-normal distributions (Grave and Thomas 2004).

The aim of this research is to understand how ownership structure of Italian firms with equity international strategic alliances influences the internationalization process. The list of Italian enterprises with equity international strategic alliances is available in the data base Zephyr of BVD, which contains data of international strategic alliances from 2003. As the financial and ownership structures of enterprises in the list were incomplete, data were integrated with the MBRES data base of Mediobanca (Calepino, R&S and Settori on-line), and CONSOB (www.consob.it). The financials data of the databases do not show foreign sales that are disclosed in balance sheets of enterprises. Balance sheets were derived from enterprise web sites and the Italian Department of Commerce (Italian institution that collects all balance sheets in Italy).

Manual cross checks were then conducted by the researcher to account for missing data. Here every family-firm's balance sheet was assessed to determine if a family member was a president or a CEO member.

The data set is composed of 50 Equity International Strategic Alliances formed by Italian enterprises not in financial industries from 2003 and 2006. The enterprises in the list have a mean of revenue of four thousand million euro per year.

The financials data of enterprises are operating revenue, foreign revenue, EBITDA, EBIT, profit before tax, profit after tax, total asset and ownership structure. Other information that was used included: activity of enterprises, activity of partner or acquired enterprises, country of partner or acquired enterprises, year in which international strategic alliance was completed, type of strategic alliance, and assessment of whether the enterprise was a joint venture or a minority stake.

The analysis compares the existing differences between the groups of non-family and family businesses to understand the ownership structure effect on the internationalization intensity, internationalization commitment and the localization of an EISA. The variables (see Table 2) compared are the internationalization intensity measured by the percentage of foreign sales of total sales, and level of commitment in internationalization, as measured by the share of capital owned by firms in the EISA. Localization is measured by the risk of country in which enterprises invest and the business growth measured by sales growth.

Table 2 Measure of variables.

Variables	Measure	Authors
Internationalization intensity	The percentage of foreign sales (foreign sales divided by total sales)	Graves, Thomas 2008
Commitment of internationalization	Share of capital owned by firms in the equity ISA	Gallo, Arino, Manez and Capuyns, 2006
Risk taking	Country risk rank	The PRS group, source suggested by Brealey and Meyers, 2003
Growth	Revenue growth	Devis and Haveston, 2000
Family ownership	Two conditions have to be satisfied: 1. Shares directly and indirectly owned by family is > 25% 2. one member on the board note: indirect ownership = (the minimum of the shares owned by the family in the family holding and the family holding in the enterprises)	GEEF, Cosado 2008, Klein 2000, Faccio and Lang 2002

ANALYSIS AND RESULTS

The list of Italian firms with equity international strategic alliances (EISA) formed in the period between 2003 and 2006 is composed of 32% family firms and 68% non-family firms. They formed 50 EISA in 25 countries.

In the list of Italian firms with equity international strategic alliances (EISA) formed in the period between 2003 and 2006, the internationalization intensity has increased in most of the firms, just in a few firms there is a decrease. Figure 1 shows the comparison of the internationalization intensity in the first year (2003) and the last one (2006).

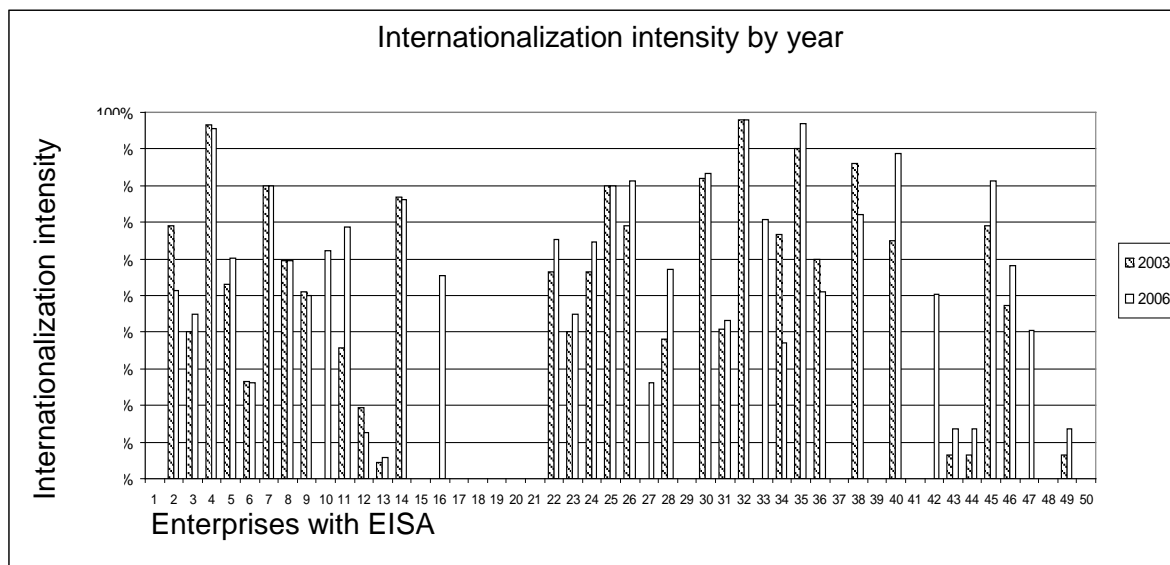


Figure 1. Internationalization intensity by year.

As shown in Figure 1, the comparison between the two groups shows that non-family businesses are less internationalised than family businesses. It can be explained by the fact that family businesses with EISA plan the internationalization process, and this implies a high likelihood of increasing foreign revenue.

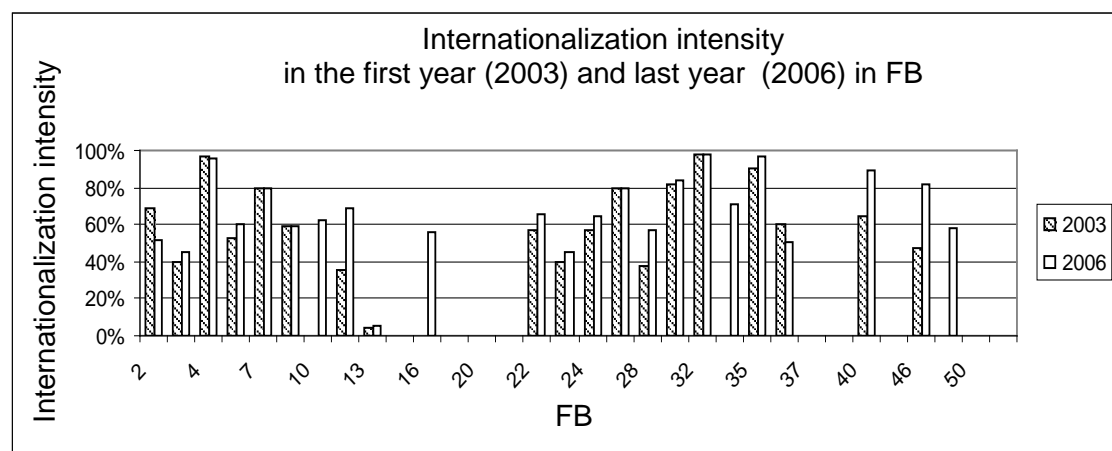


Figure 2. Internationalization intensity by year of family businesses.

The mean of internationalization intensity in the family business group in the first year is 41%, whereas the mean of the non-family business group is 37%. This difference is pronounced in the last year in which the intensity of family businesses is 66% and the intensity of non-family businesses is 41%. This is depicted in Figures 2 and 3. The major increase in family business internationalization intensity can be explained by the different reasons for internationalizing in the two groups, as an effect of their ownership structure. Family businesses with EISA are driven by the will of getting global advantages by improving foreign revenues more than non family businesses. The latter are more interested in developing the competitive advantages in their domestic market.

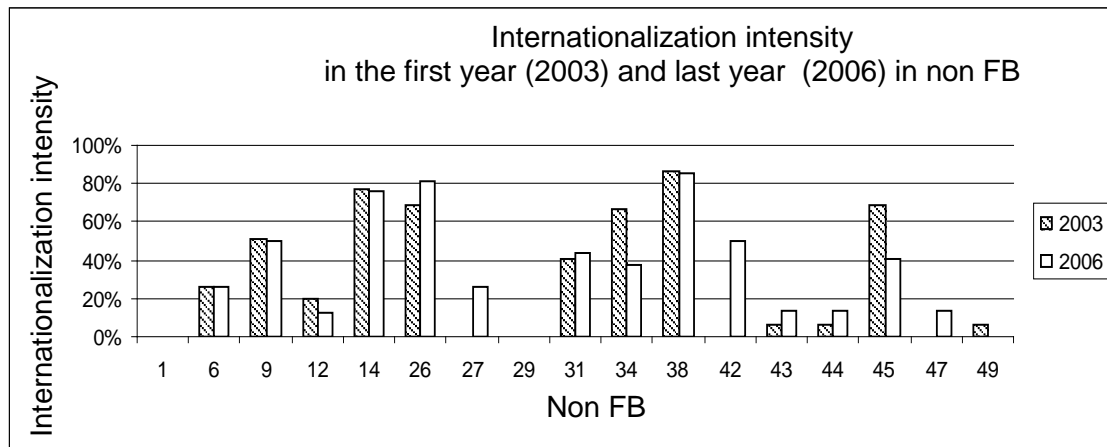


Figure 3. Internationalization intensity by year of non-family businesses.

Testing this difference with Kruskal Wallis³ (Table 3) in SPSS software it was found to be significant. Therefore, hypothesis 1 is rejected, whereby the internationalization intensity of family businesses is higher than that of non-family businesses.

The Kruskal Wallis test (Table 3) shows that a significant difference exists in the two groups on operating revenue, earnings and assets. However, the preference of family businesses to keep the control in strategic alliances (EISA ownership) is not statistically different from non-family businesses. Thus, Hypothesis 2 is rejected, showing that family businesses do not have a different preference when choosing the ownership structure of equity international strategic alliances.

³ This is a non-parametric test chosen to test the statistical differences between two groups, in literature it is used to compare family and non-family businesses.

Table 3 Family ownership effect.

	Ownership structure of firms	Mean Rank	Chi square	Df	Sig.
Revenue	Non-family firms	102.11			
	Family firms	78.35			
	Statistic		8.826	1	.003**
Internationalization intensity	Non-family firms	74.77			
	Family firms	91.20			
	Statistic		4.311	1	.038*
Earning	Non-family firms	96.86			
	Family firms	79.62			
	Statistic		4.692	1	.030*
Asset	Non-family firms	79.71			
	Family firms	55.67			
	Statistic		12.493	1	.000**
Growth of organisation	Non-family firms	66.26			
	Family firms	58.59			
	Statistic		1.248	1	.264
Country risk rank	Non-family firms	92.88			
	Family firms	94.53			
	Statistic		.038	1	.846
Eisa ownership	Non-family firms	94.22			
	Family firms	97.67			
	Statistic		.333	1	.564

* Significant at $p < 0.05$; ** Significant at $p < 0.01$

The firms examined prefer risky countries (see Figure 4). This is explained by the choice of market entry, which depends on the level of risks to be faced in the host countries. The location chosen and its risks by ownership was also examined showing a risk rank mean of 78.6. If the value⁴ of rank is low the country is riskier and if it is high the country is less risky.

Selecting two groups by ownership in the list, in the group of non-family businesses (Figure 6) the mean of the risk is 79.7. It is higher than the mean of the list (78.6), so there is not a preference in risky countries. Family businesses (Figure 5) have formed EISA in countries riskier than in non-family businesses, the mean of rank being 78. Even if the effect of ownership creates a preference in choosing the country it is not as pronounced and significant as the Kruskal Wallis statistic test shows in table 2. Thus, Hypothesis 3 is accepted, family businesses form equity international strategic alliances in risky countries as do non-family businesses.

⁴Rankings come from the International Country Risk Guide, Copyright, 1984-Present, The PRS Group, Inc Mean of forecast of the best and worst case of political risk rating in the last five years: 2002-2007

Comparing the revenue with the internationalization intensity the research shows another important result and institutional relevance of the study. The revenue is higher in the non-family business group that has lower internationalization intensity, it means that the non-family business group forms equity international strategic alliances to get competitive advantages for domestic market. The family business group looks at competitive advantages in foreign markets from equity international strategic alliances.

Source: Elaboration data of Country Risk Guide Copyright, 1984-Present, the PRS Group

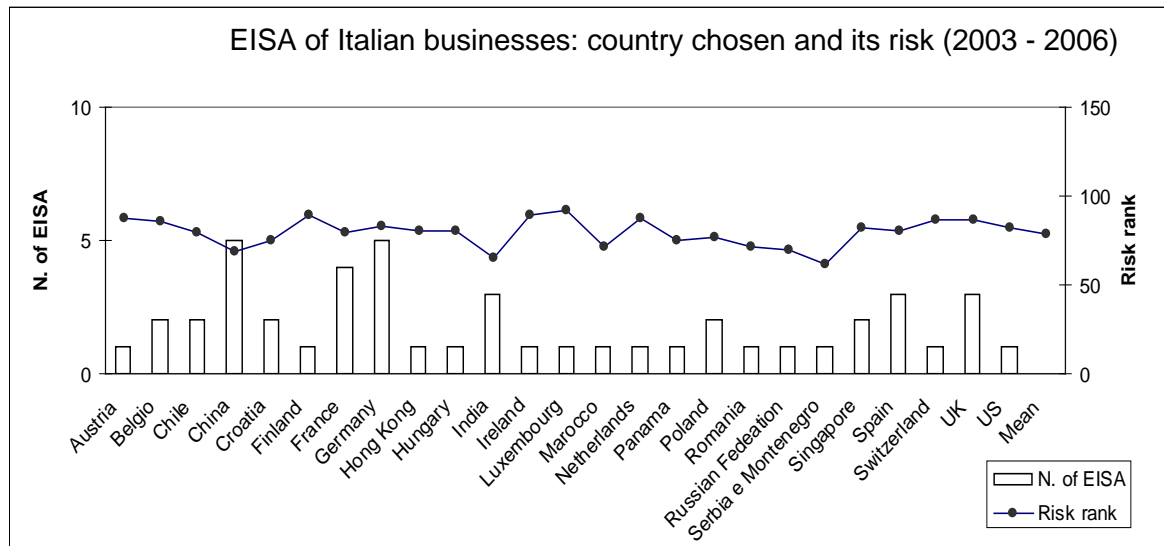


Figure 4. EISA of Italian businesses.

Source: Elaboration data of Country Risk Guide Copyright, 1984-Present, the PRS Group

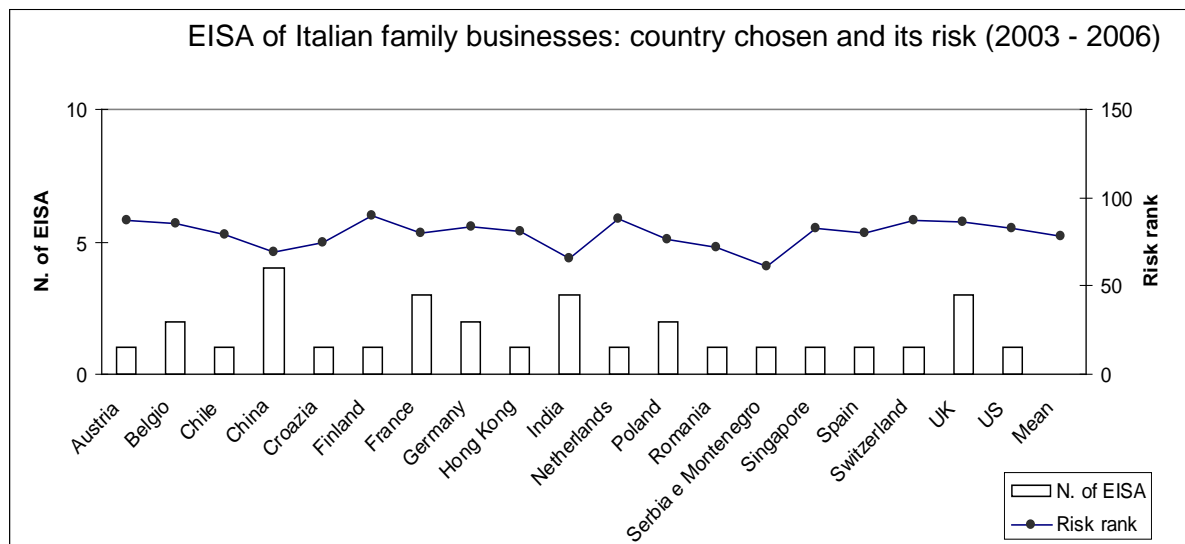


Figure 5. EISA of Italian family business.

Source: Elaboration data of Country Risk Guide Copyright, 1984-Present, the PRS Group

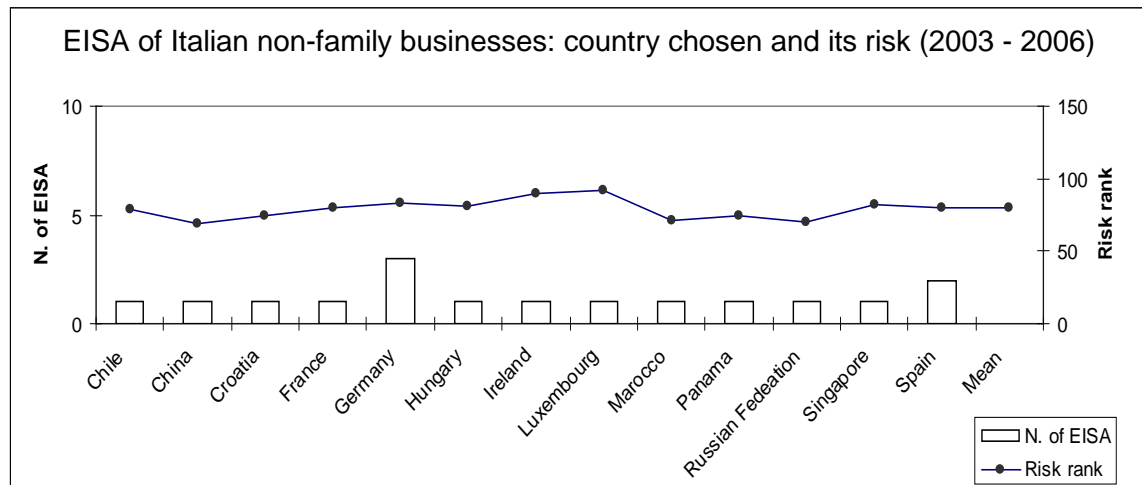


Figure 6. EISA of Italian non-family business.

Figure 7 shows that the revenue of all enterprises decreased during the years from 2004 to 2006, confirming the existing results in literature. Family business revenue decreased less than in non-family businesses, showing that family businesses have better reaction to this decrease of sales. This is consistent with Zahra (2003). The difference in growth is not significant as indicated by the Kruskal Wallist test. Thus hypothesis 4 is accepted, family businesses lose revenue as much as non family businesses after forming EISA.

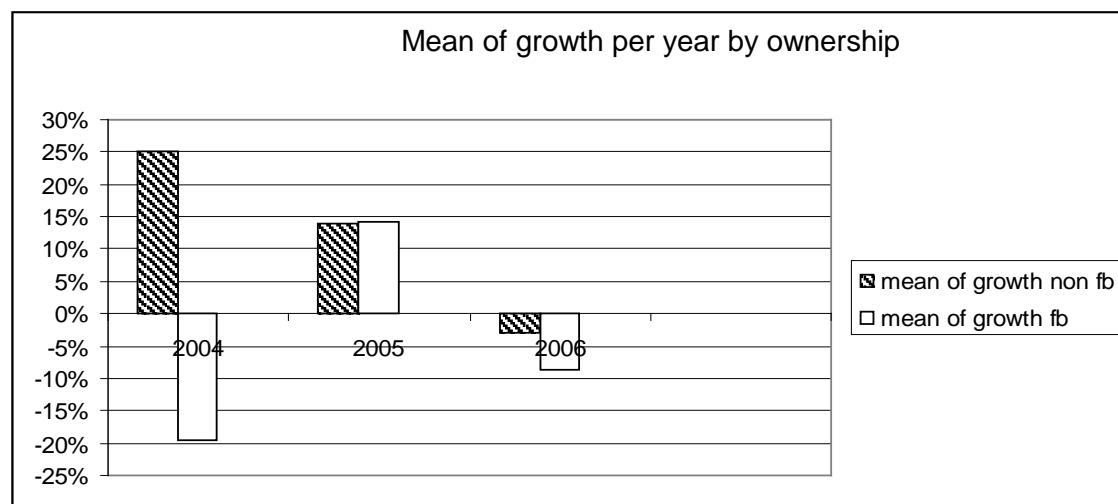


Figure 7. Mean of growth per year by ownership.

The commitment of family influences the operating revenue, the earnings and the assets as in the previous analysis. Notably, the country is affected by commitment of family (Table 4). Thus, Hypothesis 5 is accepted, where family ownership influences the preference of country forming an EISA

The internationalization intensity and the growth of organisation are not different relative to the commitment of family in the organisation. Another relevant result is that family ownership influences the preference of equity in EISA, so the commitment of

family businesses has a positive correlation to the choice of EISA form (table 4), thus offering opportunities for new research.

Table 4 Family ownership effect.

	Family	Mean Rank	Chi square	Df	Sig.
Revenue	Direct	75.68			
	Direct and indirect	47.37			
	Indirect	31.42			
	Statistic		44.103	2	.000**
Internationalization intensity	Direct	59.00			
	Direct and indirect	42.39			
	Indirect	54.33			
	Statistic		3.762	2	.152
Earning	Direct	68.77			
	Direct and indirect	50.32			
	Indirect	38.50			
	Statistic		20.640	2	.000**
Asset	Direct	48.00			
	Direct and indirect	33.77			
	Indirect	21.44			
	Statistic		18.876	2	.000**
Growth of organisation	Direct	45.67			
	Direct and indirect	28.85			
	Indirect	38.17			
	Statistic		5.561	2	.062
Country risk rank	Direct	71.21			
	Direct and indirect	66.10			
	Indirect	50.83			
	Statistic		8.629	2	.013*

* Significant at $p < 0.05$; ** Significant at $p < 0.01$

Table 5 Correlation.

		Family owner-ship	EISA owner-ship
Family owner-ship	Pearson Correlation	1	
	Sig. (2-tailed)		
EISA ownership	Pearson Correlation	.376(**)	1
	Sig. (2-tailed)	.000	

** Correlation is significant at the 0.01 level (2-tailed).

CONCLUSION

The most important result is that family businesses have a higher incidence of foreign sales compared to non-family ones when they have formed an equity international strategic alliance (EISA). This finding discloses the different reasons for internationalization in the two groups observed. Family businesses form EISAs to sell more in foreign markets whereas non-family businesses which internationalize to gain competitive advantages in their domestic market. This phenomenon is explained by the effect of ownership structure. The relevance of the result is that institutional policies should take this into account when developing internationalization plans for economic aids for firms. There is no difference of commitment in EISAs between family and non-family businesses. However, when the influence of different levels of family ownership is analyzed, the study reveals that the choice of EISAs structure has a relationship with the quantity of shares owned by the family: if it is high, the commitment in internationalization increases. The research points out that the difference in choosing countries is not significant, however family businesses preferred more risky countries to non-family businesses. The growth in family businesses decreased less than in non-family ones, even if the difference is not statistically significant. The better reaction capacity of a family business to the investment opens a new research opportunity. This could be explored considering the speed of management decision-making and finding a corporate governance effect on managing the deal.

The researchers should develop other studies in Family business themes, in strategic analysis, in management issues and in internationalization as a result of two of the principle findings of this paper: the identification of the different kinds of competitive advantages that the two groups of businesses achieve when they form an equity international alliance, and the influence of ownership when they choose the partner or the target country.

The following research should be on the evolution of behaviour of firms in data set, collecting more information through a questionnaire, on the comparison of more geographic areas or applying the study to a larger geographic area.

This paper points out the innovative way of studying firms involved in the internationalization process because firms with an equity international strategy alliance are observed to verify the eclectic theory in which ownership is one of the determinants of the firm's behaviour.

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