INTERNATIONALIZATION OF FAMILY-CONTROLLED SMES FROM THE PROCESS, NETWORK AND SOCIOEMOTIONAL WEALTH PERSPECTIVES

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JYVÄSKYLÄN YLIOPISTO

ABSTRACT

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Family business (FB) internationalization has received scant attention in the field of international business research. This qualitative multiple-case study tackles the gap and, moreover, approaches the theme from relatively ignored perspectives in the field of FB internationalization itself: process, network, and socioemotional wealth (SEW). This study provides answers to how family-controlled SMEs build their international networks, what characterizes the foreign network relationships, and to what extent the SEW of the firms explains the way of internationalizing. To provide reflection points for these research goals, rigorous literature review was made focusing especially on justifying the distinctiveness of FBs, explaining SEW, presenting the network view, and scanning the current state of FB internationalization studies and their contribution.

In order to effectively analyze the role of SEW, referring to the noneconomic aspects derived from the FB, family-controlled firms having high ownership and involvement in the business were chosen in the study. Total 10 case FBs from Finland were interviewed and the data was analyzed through content analysis method. In addition to transcriptions, detailed narratives of the interviews, firm descriptions, and SEW descriptions were made to enable good understanding of the international networking processes and FB-related characteristics.

The results of the study have several implications. First, the internationalization process of family-controlled SMEs follows a pathway that can be situated between the traditional Uppsala model and INV-based model, as they start from nearby markets but continuously scan opportunities in farther locations to speed up the extent of internationalization. Second, these firms are dependent on building relationships with foreign partners that can fill the limited resources and capabilities of the firms. An optimal partner has existing networks and channels in the market, is trustworthy, experienced and knowledgeable, and is similar in terms of size, product portfolio and identity. Family-controlled SMEs seek to create strong, long-term and trustworthy ties to foreign partners from early on, and to strengthen the fertility of the relationships, many family-controlled SMEs create partnerships with other FBs in the foreign markets. The results of this study also suggest that active approach to going international reflects to activity in managing and developing the established network relationships.

From the SEW perspective, high SEW can act as activating asset for family-controlled SMEs in their internationalization processes and not as a preventing factor; SEW can be both the means and the end for the internationalization of family-controlled SMEs. In managing and developing foreign network relationships, pursuing SEW can be like a glue that creates strong, reciprocal relationships between family-controlled SMEs and foreign, especially FB partners.

Key words: internationalization process, network relationships, socioemotional wealth, family-controlled SMEs, family business

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Perheyritysten kansainvälistyminen on saanut vähän huomiota kansainvälisen liiketoiminnan tutkimusalalla. Tämä laadullinen tapaustutkimus tarttuu tähän tutkimusaukkoon ja lähestyy teemaa jopa perheyritysten kansainvälistymistutkimuksessa itsessään suhteellisen vähälle huomiolle jääneiden näkökulmien kautta: prosessi, verkosto ja sosioemotionaalinen vauraus (socioemotional wealth, SEW). Tämä tutkimus tarjoaa vastauksia siihen, kuinka perheiden kontrolloimat pk-yritykset rakentavat kansainvälisiä verkostoja, minkälaisia ulkomaiset verkostosuhteet ovat ja missä määrin SEW selittää yritysten kansainvälistymistä. Jotta tutkimustavoitteilla olisi heijastuspintaa, tutkimusta varten tehtiin kattava kirjallisuuskatsaus keskittyen erityisesti perheyritysten omalaatuisuuden perustelemiseen, SEW-konseptin selittämiseen, verkostonäkökulman esittämiseen ja perheyritysten kansainvälistymistutkimusten nykytilan ja kontribuution kartoittamiseen.

Tutkimukseen valittiin pk-perheyrityksiä, joilla on korkea perheomisteisuus ja -osallisuus yrityksissään ja jotka siten soveltuvat SEW:n analysoimiseen, joka viittaa perheyrityksessä saatuihin ei-taloudellisen vaurauden lähteisiin. Kokonaisuudessaan 10 suomalaista pk-perheyritystä haastateltiin ja aineistoa analysoitiin sisällönanalyysilla. Aineistosta tehtiin litterointien lisäksi tarkat haastattelukertomukset, yrityskuvaukset ja SEW-kuvaukset, jotka mahdollistivat hyvän ymmärryksen kansainvälisistä verkostoitumisprosesseista ja perheyritysten ominaispiirteistä.

Tutkimuksen tulosten pohjalta voidaan tehdä useita ehdotuksia. Ensiksi, perheiden kontrolloimien pk-yritysten kansainvälistymisprosessit voidaan määritellä perinteisen Uppsala-mallin ja INV-mallin väliin, sillä ne aloittavat kansainvälistymisen lähimarkkinoista mutta jatkuvasti kartoittavat mahdollisuuksia kaukaisemmissa paikoissa kansainvälistymisen vauhdittamiseksi ja laajentamiseksi. Toiseksi, nämä yritykset ovat riippuvaisia suhteiden rakentamiseen partnereihin, jotka paikkaavat yritysten rajallisia resursseja ja kyvykkyyksiä. Optimaalisella partnerilla on olemassa olevat verkostot ja kanavat, on luotettava, kokenut ja asiantunteva, sekä on samankaltainen koon, tuoteportfolion ja identiteetin osalta. Perheiden kontrolloimat pk-yritykset pyrkivät luomaan vahvoja, pitkäaikaisia ja luottamuksellisia siteitä ulkomaisiin partnereihin alusta lähtien, ja vahvistaakseen suhteiden hedelmällisyyttä, monet yritykset luovat suhteita toisiin ulkomaisiin perheyrityksiin. Tulosten pohjalta voidaan myös esittää, että aktiivinen lähestymistapa kansainvälistymisen edistämiseksi heijastuu aktiivisuuteen rakennettujen verkostosuhteiden ylläpitämisessä ja kehittämisessä.

SEW-näkökulmasta tulokset osoittavat, että korkea SEW voi toimia aktivoivana tekijänä, keinona ja lopputulemana, perheiden kontrolloimien pk-yritysten kansainvälistymisprosesseissa. Ulkomaisten verkostosuhteiden ylläpitämisessä ja kehittämisessä SEW voi olla ikään kuin liima, joka tuottaa vahvoja, vastavuoroisia suhteita perheiden kontrolloimien pk-yritysten ja ulkomaisten partnereiden, erityisesti toisten perheyritysten välillä.

Asiasanat: kansainvälistymisprosessi, verkostosuhteet, sosioemotionaalinen vauraus, perheiden kontrolloimat pk-yritykset, perheyritys

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1 INTRODUCTION

Internationalization of family businesses (FBs) was a relatively ignored topic in the 1990s, in the beginning of which the first article focused on FB internationalization (Gallo & Sveen, 1991) was published, and even in the first decade of the 21st century, but recently the amount of studies has increased progressively (see Pukall & Calabro, 2014; Kontinen & Ojala, 2010a). The wake-up is not surprising, since the presence and influence of FBs in the global economy is significant: in most countries FBs account for 70-95 % of all business entities and 60-90 % of non-governmental GDP (EFB, 2012). Despite the growing interest in studying FB internationalization, the stream of articles has been mainly variance-based, i.e. answering to *what* questions rather than *why* and *how* questions (Kontinen & Ojala, 2010a) and has not really incorporated the arising FB theory on socioemotional wealth (SEW) into the studies (Pukall & Calabro, 2014). Furthermore, there has been a scant focus on the *development* of international network relationships in network-internationalization studies (Eberhard & Craig, 2013). Accordingly, Kampouri et al. (2015) encourage future FB internationalization studies to adopt a process perspective including SEW theory and place them into the context of network model, an arising theory in the field of internationalization in general.

This case study will tackle the research gaps mentioned above and focuses on the international networking of family-controlled SMEs. The research aims to adopt process perspective; how family-controlled SMEs build their international networks and how the established network relationships are maintained and developed. In addition, SEW theory is elaborated from the set of FB theories and aligned with the process perspective. In other words, what kind of connection SEW has to the internationalization process and international network development of family-controlled SMEs?

The study proceeds as follows. Next the research objectives and problems as well as the theoretical framework guiding the study towards answering them are presented. Then the literature review takes place, covering key research findings and theories from the fields of FB and internationalization. After the literature review the methodology and data for the empirical case studies are presented, after which the results from the data are carefully analyzed. Finally, there is the discussion part, in which the results are reflected to the research questions and earlier research, after which the findings and contributions of the study can be drawn together in the conclusions part. In this part, some limitations and suggestions for future studies are also provided.

2 RESEARCH OBJECTIVES AND PROBLEMS

There are two main research questions this study aims to answer to. First, it is studied how family-controlled SMEs identify international opportunities and form and develop network relationships to support their internationalization processes. This is examined through processual perspective: how and when family-controlled SMEs have entered different foreign markets, what have been the intermediaries used, what have been the underlying motives for going international and so on. In other words, the aim is to capture the international pathways of family-controlled SMEs as detailed as possible. Since the emphasis is on identifying and analyzing the internationalization processes from the networking perspective, the established foreign network relationships are more closely examined. It is studied, what characterizes the network relationships, what is expected from these relationships, and how these relationships are managed in order to succeed in internationalization. By combining *how* and *what*, *how* in terms of the building and maintenance process of the network relationships and *what* in terms of the characteristics and criteria of these relationships, a comprehensive overview of the international networking of family-controlled SMEs can be achieved.

The second main research question takes the FB aspect more into account: does FB status affect and have importance in the international networking? This is first examined through the subjective opinions by the family-controlled SMEs themselves, after which the author adopts the SEW perspective to reflect the SEW of the firms not just to these subjective opinions on the issue but also to the above-mentioned research questions related to the international networking process. Thus, in the end, in addition to understanding the international networking processes and characteristics of the family-controlled SMEs better, the possible role of SEW in the aspects and trajectories of this networking can be better understood. The research questions are:

1. How family-controlled SMEs build their international networks?
    a. What characterizes the network relationships of family-controlled SMEs?

2. Does FB status affect and have importance in the international networking?
    a. Do different SEW statuses explain the way family-controlled SMEs internationalize?

2.1 Theoretical Framework

Three perspectives – family, process, and relational – are adopted to guide the research towards answering the research questions. The theoretical framework based on these perspectives is presented in Figure 1 below.

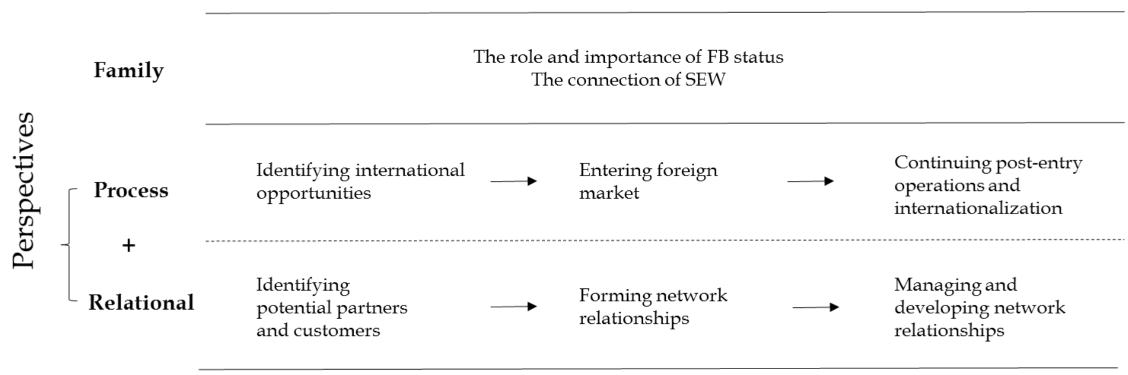

Figure 1. Theoretical framework.

Since this study focuses on the internationalization processes and more specifically on the development of international networks, process and relational perspectives are intertwined to capture the international networking processes. The process perspective, in the middle of the framework, provides the general workflow on understanding the internationalization processes of family-controlled SMEs, and under that perspective there are corresponding steps from the relational perspective to provide more specific network-related answers on each phase. In this research three different phases are regarded as constituting the internationalization process: 1) identifying international opportunities, 2) entering foreign markets, and 3) continuing post-entry operations and internationalization. The corresponding phases in terms of relational perspective are: 1) identifying potential partners and customers, 2) forming network relationships, and 3) managing and developing network relationships. The first ones focus on the pre-entry phase, the second ones on the entry phase, and the third ones on the post-entry phase, thus capturing the internationalization process from the initial considerations on going international and finding the first partners and customers to stabilizing the operations and developing the cooperation with the partners and customers after the foreign market entry.

In addition to process and relational perspectives, there is family perspective, which is to reflect the role and importance of being a family firm and SEW to the above-mentioned phases and the internationalization process as a whole. The aim of this research is to study the international networking processes of family-controlled SMEs, so incorporating family-related issues and especially SEW on the theoretical framework is relevant.

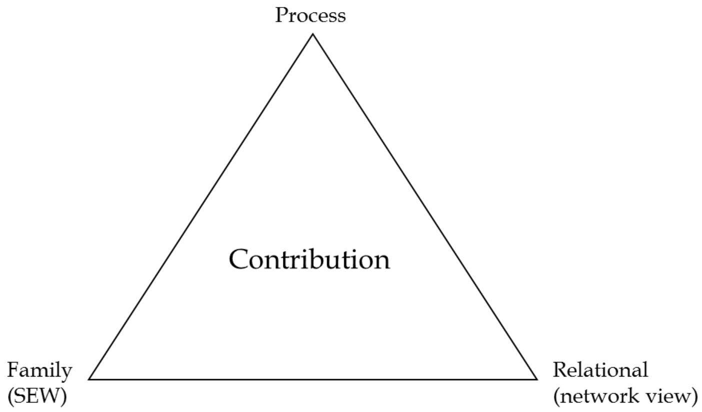

Figure 2. Contribution of the study.

Above in Figure 2 it is illustrated how the three perspectives form a combination that can produce contribution to the field. Kampouri et al. (2015) suggest to combine the network model of internationalization and SEW or social capital theory, and adopt a more longitudinal view on the entire internationalization processes of FBs. This study intertwines network and process views, in which internationalization processes are examined from the inception to this date, and adds family perspective focusing on SEW but also quoting the social capital theory in the context of network relationships. Thus, in the light of the recent suggestions by Kampouri et al. (2015), this study can contribute to the current state of FB internationalization field.

3 LITERATURE REVIEW

A thorough scanning of the main and relevant theories from FB and internationalization fields was done for the study. In the light of the research aims of this study, a special focus was on identifying and collecting literature on the distinctive nature of FBs, SEW, network view on internationalization, and FB internationalization. Next the literature review is covered by presenting the fundamental theories in the fields of FB and internationalization, and then moving from the general theories to more specific coverage of the themes under special focus.

3.1 Family Business

3.1.1 Distinctive Nature of Family Business

Why study FBs in particular? What makes FBs different from other types of businesses? In earlier studies it has been discovered that FBs have distinctive features in comparison with non-FBs, for example in terms of altruism (Karra et al., 2006), stewardship orientation (Miller et al., 2008), and the unique bundle of resources and capabilities (Habbershon & Williams, 1999). The perspectives of the three main theories providing basis for the distinctive nature of FBs – agency theory, stewardship theory, and the resource-based view of the firm (RBV) – are next discussed.

Agency theory assumes that conflicts may arise between the owners of a firm (principals) and the managers (agents) that run the business in accordance with the contract and on behalf of the owners. In the agency relationships between the principals and the agents the interests, goals and thereby decisions of the two may differ, resulting in asymmetric information and difficulty for the principals to monitor the activities of the agents. (Eisenhardt, 1989.) To diminish and control these cooperative problems, agency costs, referring to the costs of negotiating and executing incentives to align the actions between the principals and the agents, arise (Karra et al., 2006). In the context of FBs, it has been argued that agency costs are less likely to exist in them because of the aligned interests of the family members (Fama & Jensen, 1983) and the reciprocal and symmetrical altruism between the family owners and family managers (Karra et al., 2006). Decision-making is effective, since the owners are capable of making decisions that maximize family benefits in the long run (Fama & Jensen, 1983). However, there are diverging views on the beneficial effect of altruism. Schulze et al. (2003) argue that altruism can turn into a problem and increase agency costs, as the possible free riding, generosity and other family-biased problems are hard to be controlled through incentives due to the ownership status of the family members.

Furthermore, while Karra et al. (2006) find the potential of altruism to reduce agency costs in FBs, they also find that the larger and more mature the FBs grow, the more unbalanced altruism becomes, leading to the increase in agency costs. In their case study, family members of the case firm tended to engage in moral hazard, which however didn't lead to sanctions or incentives.

The RBV of the firm suggests that the unique and valuable resources of a firm that are difficult to be imitated lead to long-term competitive advantages and performance (Barney, 1991). In FBs, the unique, integral and synergistic firm-level bundle of resources and capabilities related to family involvement and interactions can be referred to as familiness, which can lead to family-based competitive advantages (Chrisman et al., 2005; Habbershon et al., 2003; Habbershon & Williams, 1999). Sirmon & Hitt (2003) identify five distinctive features of family capital – human, social, survivability, patient, and governance structures – that are utilized and managed in a way that develops competitive advantages. Carney (2005) argues that parsimony, personalism and particularism within FB governance can help reducing costs, enhance social capital through long-term relationships with internal and external stakeholders, and promote entrepreneurial actions. However, such as with agency theory, familiness resources and capabilities can turn into hampering the business. Although Sirmon & Hitt (2003) see the beneficial potential of familiness, they also acknowledge that this can lead to, for example, family members holding management positions without sufficient qualification, which can result in nepotism and other bad decision-making. On one hand Mandl (2008) finds that the dedication and commitment of family members can provide long-term benefits and profits for the firm, but on the other hand the tight control of the business by the family can make it challenging to attract and commit qualified external managers to the firm.

According to the stewardship theory (Davis et al., 1997), managers act as stewards to serve for the collective and organizational needs rather than pursuing individual benefits. Managers feel duty and commitment to the interests of the owners, and seek to improve the performance of the organization as a whole. In the light of stewardship theory, family managers are perceived as trustworthy assets to the firm, who take all the stakeholders into account when making decisions (Le Breton-Miller & Miller, 2009). Shared identity, responsibility and history provide fruitful conditions to be loyal in contributing to and building the firm performance, social capital and reputation in the long run, generation after generation (Arregle et al., 2007; Eddleston & Kellermanns, 2007). However, again, stewardship orientation can have mixed results. Miller & Le Breton-Miller (2006) argue that stewardship orientation can yield sustainable business, but involves the risk of management entrenchment, which can hamper the profitability of the business.

3.1.2 Socioemotional Wealth Perspective

While the agency theory, the stewardship theory, and the RBV of the firm have been 'struggling' with the diverging views on the capabilities of these perspectives to justify the distinctiveness of FBs versus non-FBs, a new perspective, socioemotional wealth (SEW) perspective, has arisen in the field of FB discipline. SEW refers to the noneconomic rewards or affective endowments – such as emotional connection to the business, family values in the organizational culture, and altruistic behavior – that the family owners gain from the business (Gomez-Mejia et al., 2011, 2007). Gomez-Mejia et al. (2011, 692) argue that "factors like emotional attachment, sibling involvement, sense of legacy, family control, and concern for reputation, among many others, give FBs their distinctiveness" due to which the authors "believe that socioemotional wealth is the defining feature of a family business [...] central, enduring, and unique to the dominant family owner, influencing everything the firm does".

The SEW perspective suggests that family owners seek to preserve and promote the family's SEW through non-economic decision-making, which however can be detrimental to the business, e.g. by making contractual arrangements that protect family wealth but at the expense of firm performance (Cruz et al., 2010). In their study about family-owned olive mills, Gomez-Mejia et al. (2007) found that these FBs were reluctant to join cooperatives and preferred to keep their independence, although it would have been economically rational and risk reducing decision to join the cooperatives. Similarly, Gomez-Mejia et al. (2010) found that family-controlled firms are less likely to diversify, since it would mean more involvement of nonfamily members in the organization and thus reduce the power of the family over the decision-making. Diversification would reduce the SEW of the family, but again, increase the business risks.

Based on the prior research, Berrone et al. (2012) identify and propose five central dimensions of SEW: family control and influence, family members' identification with the firm, binding social ties, emotional attachment, and renewal of family bonds to the firm through dynastic succession. First, by acquiring and perpetuating control and influence over the decision-making, family members try to preserve SEW without paying too much attention to financial issues (Gomez-Mejia et al., 2007). Second, as the family and the business intertwine, for example through family name, family members feel unique identification with the firm, as if the firm is an extension of the family itself. Strong identification makes FBs careful about their external image, for example by investing in corporate social responsibility. (Berrone et al., 2010.) Third, SEW creates social relationships, reciprocal bonds not only within family members but also with the nonfamily employees to convey a sense of belonging and thereby a sense of commitment to the firm (Miller et al., 2009; Miller & Le Breton-Miller, 2005). The reciprocal bonds and the communal embeddedness make FBs to benefit those within and around them, even without clear profitability for the firm (Berrone et al., 2010). The fourth dimension, emotional attachment, refers to the emotional factors inherent to the family involvement in FBs, which is seen as a distinctive attribute of FBs (Eddleston & Kellermanns, 2007). The close link between the family and the business makes emotions present in decision-making process (Berrone et al., 2010; Baron, 2008). The fifth and the final dimension proposed by Berrone et al. (2012) is dynastic succession, the aim of which is to renew and maintain the family bonds and business ownership to future generations. The firm is a long-term family investment that is sought to be preserved (Berrone et al., 2010). Long-term perspective may cause managerial entrenchment, conflicts with successive generations and other negative consequences, but the strategic investment in continuing family dynasty and values can create patient capital and commitment for building resources and capabilities (Sirmon & Hitt, 2003).

As can be seen from the arguments and dimensions above, SEW acts as a sort of unifying concept by adopting insights from the more traditional agency, stewardship, and resource-based views, and aligning these together under the notion of noneconomic goal orientation, which can justify the diverging nature of FBs compared to non-FBs. Since the SEW dimensions are tightly in the background when FBs make strategic decisions (Berrone et al., 2012), adopting the SEW perspective to studying internationalization – a strategic decision – in family-controlled SMEs is relevant.

3.1.3 Family-Controlled versus Family-Influenced Firms

Although FBs can be portrayed as having distinctive features compared to non-FBs, it should be noted that FBs themselves are heterogeneous (Arregle et al., 2012). The lack of distinguishing between different types of FBs has been one of the reasons for the mixed results of the previous research in the field (Westhead & Howorth, 2007), and thus Sirmon et al. (2008) suggest that a division would be made between family-influenced and family-controlled firms in order to apply suitable theories for each context. Family-controlled firms refer to firms having majority ownership (at least 50 % share ownership), and managerial and board presence, while family-influenced firms involve family members but without unilateral control of the firm (Sirmon et al., 2008; Westhead & Howorth, 2007; Chua et al., 1999). In other words, in family-controlled firms the family has more power to decide on the strategic issues of the firm through its dominant presence in ownership and management, whereas family-influenced firms are more bound by 'external' opinions (Arregle et al., 2012; Sirmon et al., 2008).

Since the key concepts of this study are SEW and internationalization, choosing family-controlled firms as the case firms is relevant. As the level of family ownership increases in a firm, the more control the family has over the strategic decision-making, which reinforces the efforts to preserve SEW dimensions (Berrone et al., 2012; Gomez-Mejia et al., 2007). Thus, studying family-controlled firms not only contributes to the need for research that distinguishes between different types of FBs but also suits for the adoption of the SEW perspective. Studying the internationalization of family-controlled firms is also fruitful. Going international is a highly strategic decision, and when the family holds controlling position in the firm's strategic decision-making, the tendency to preserve SEW becomes a central factor in influencing internationalization efforts. Pursuing to preserve affective endowments and noneconomic value derived from the business can make family-controlled firms reluctant to internationalize compared to other firms (Gomez-Mejia et al., 2010), but there are also benefits, such as long-term orientation and accumulated knowledge base, which can foster internationalization (Zahra, 2003). Accordingly, the multidimensional nature of SEW can yield both enhancing and restraining factors for the internationalization of family-controlled firms, which makes it interesting and important to shed more light on the internationalization of this specific group of FBs. Moreover, Gallo et al. (2004) propose three internal FB characteristics that are central factors influencing strategies and practices related to internationalization – strong desire to keep the control and influence, specific attitude towards risk, and specific governance – which encourage choosing highly family-controlled case firms in this study.

3.2 Internationalization of SMEs

There are four different perspectives, from which internationalization has been studied: economic, capabilities, process, and relational (Olivares-Mesa & Cabrera-Suarez, 2006; Graves & Thomas, 2004, Coviello & McAuley, 1999). The economic perspective, based on transaction cost theory (Williamson, 1975) and Dunning's eclectic paradigm (Dunning, 1993), suggests that three interrelated factors determine the firm's way and extent of internationalization. First, ownership advantages, such as production technique, are related to engaging in foreign direct investment (FDI), and those firms possessing greater competitive advantages in this regard are more likely to do FDI. Second, the ownership-related advantages are more likely executed if location advantages exist; that is, the favoring attributes of a country or region in terms of the existing raw materials or legislative issues make firms willing to exploit ownership advantages by doing FDI in an attracting location. Third, firms weigh the extent to which they should internalize their production and operations in a foreign location. If the internalization advantages are evident, FDI is more likely to occur than using licensing, exporting or joint venture.

The capabilities perspective, applying the resource-based view of competitive advantage (Barney, 1991) and the dynamic capabilities framework (Teece et al., 1997), argues that a firm's ability to create unique firm-specific resources that lead to globally beneficial capabilities determine the internationalization process of the firm. Factors such as the large size of the firm, technological capabilities, wide product portfolio, organizational culture and human capital can influence the internationalization process (Olivares-Mesa & Cabrera-Suarez, 2006; Graves & Thomas, 2004). For example, in the context of

FBs, FBs might face difficulties when internationalizing because of the disadvantages such as resistance to change, nepotism, and family disputes (Kets de Vries, 1993).

In this study of the international networking *process* of family-controlled SMEs, the process perspective is applied. The commonly used definition of internationalization by Beamish (1990, 77) states that internationalization is "… the process by which firms both increase their awareness of the direct and indirect influence of international transactions on their future, and establish and conduct transactions with other countries." Thus, in essence, internationalization can be seen as a process, which involves several stages that reflect the gradual development of international expansion. The most cited and fundamental theory from this perspective is the Uppsala model (Johanson & Vahlne, 1977; Johanson & Wiedersheim-Paul, 1975), according to which firms' internationalization is an incremental process starting from nearby markets that are psychically close, and as the international knowledge and learning accumulates, more psychically distant countries are entered. As regards the operational choices, first there are no regular export activities, then exports are executed via independent representatives, followed by more commitment and resources requiring sales subsidiaries, and finally having own production in a foreign country. Leonidou & Katsikeas (1996) structure the export development process similarly into three phases: the pre-engagement, initial, and advanced phase. In the pre-engagement phase firms are operating in domestic markets without interest in exporting, in the initial phase sporadic exports occur leading to increasing foreign involvement or to withdrawal due to inability of maintaining exporting, and finally in the advanced phase exporting is regular and where accumulating experience encourages more committed international operations.

Although the Uppsala model provides a solid reflection point to examine firms' internationalization, it has been challenged due to having based on the internationalization of large multinational firms, thus not applying completely to SMEs, and due to the increase of firms that internationalize faster and with more extensive reach without going through the incremental steps in nearby markets. International new venture (INV) theory has proposed that firms can go international from inception, i.e. the INVs possess or have access to resources through existing knowledge and networks that speed up internationalization (Oviatt & McDougall, 1994). To integrate the traditional Uppsala-based and more recent INV-based view on internationalization in the context of SMEs, Bell et al. (2003) propose an integrative model of small firm internationalization. In the model there are three different international pathways: incremental, born global, and born-again global. The first, incremental internationalization applies to traditional firms, who seek growth from overseas by slowly expanding from domestic market to psychically and geographically nearby markets, usually encouraged by unsolicited orders from the foreign markets. Thus, the international pathways of traditional firms mainly follow the Uppsala model. Born global firms refer to INVs, who internationalize rapidly to many foreign markets within couple of years from inception. By utilizing knowledge and networks, these firms do not follow gradual, stepwise internationalization to psychically close markets but rather identify markets where their products would sell well and seek to gain foothold there fast in order to obtain first-mover advantages. The firms in the third international pathway are born-again global firms, who for some time have focused on domestic operations or have had limited international activities, but after a critical event, such as launching new products, takeover by another firm, or in the case of FBs, succession, internationalize intensively. As a result of the critical event, new resources, capabilities, knowledge or networks are gained and got access to, which trigger more extensive internationalization efforts.

In the integrative model of SME internationalization by Bell et al. (2003), the importance of networks is highlighted. The networks are especially important to SMEs. SMEs rely on cross-border relationships and networks in their internationalization due to limited resources (Buciuni & Mola, 2014). Network relationships can involve many different kinds of actors from customers and suppliers to competitors and governmental institutions; the number and variety of actors available make the networks strategic environments for SMEs to utilize cooperation (Coviello & Munro, 1995) that yields access to knowledge and thereby patches the resource limitations (Lu & Beamish, 2001).

This leads us to the conclusion that process perspective could be complemented with relational perspective that takes into account the significance of networks. As Madsen & Servais (1997) state, traditional exporting process can be explained by stage models, but due to the rise of born global or born-again global firms it is needed to have network theories to explain the internationalization processes of these firms. As a matter of fact, the authors of the traditional Uppsala model have updated their views to a model where existing networks are utilized and new networks are entered to facilitate the international expansion through the building of mutually beneficial ties that act as bridges to foreign markets (Johanson & Mattsson, 1988; Johanson & Vahlne, 1990, 2003, 2009). The seminal network model by Johanson & Mattson (1988) is also a process, in which a firm enters new networks, consequently forms new relationships, and thus establishes new positions in relation to foreign firms.

As witnessed, both the process, referring to stage models, and relational, referring to networks, perspectives are relevant to study the international networking process of family-controlled SMEs. Since this study aims to examine more thoroughly the processual creation and development of network relationships, their strength and structure, next the network view, including the concept of social capital, is more closely examined.

3.2.1 Network View on Internationalization

As indicated previously, relational perspective to internationalization and network theory within it has arisen as the latest theoretical development in the field of internationalization, and in the context of SMEs and this study, network view is suitable to discover the internationalization processes of family-controlled SMEs and how they create and manage the network relationships in entering and operating in foreign markets. Chetty & Blankenburg Holm (2000, 79) define network as "a set of two or more connected business relationships, in which each exchange relation is between business firms that are conceptualized as collective actors". Thus, rather than focusing on the set of firm-specific advantages, as suggested by the capabilities perspective, the set of *relationships* determine firms' ability to internationalize and the extent of that (Coviello & McAuley, 1999). According to the network model of Johanson & Mattsson (1988), a firm's internationalization starts when the firm develops relationships with another firm in a foreign country, who already has a position in a network. This relationship building can occur through active networking, by which the firm entering takes the initiative, or through passive or reactive networking, by which the buyer takes the intiative. (Johanson & Mattsson, 1988.) The mutual benefits derived from having a network relationship with an actor with common interest encourage the development and maintenance of those contacts (Johanson & Mattsson 1988; Johanson & Vahlne, 2003), which can then provide access to market knowledge, resources and capabilities for internationalization needs, thus constructing bridges to facilitate international expansion (Chetty & Blankenburg Holm, 2000; Johanson & Vahlne, 1990).

In their network model Johanson & Mattsson (1988) identify four different firm profiles: the early starter, lonely international, late starter, and international among others. The early starter has just a limited number of relationships to firms in foreign markets and tends to start internationalization from nearby markets via agents, who have better knowledge of the markets. As the knowledge gained from the foreign markets increases and internationalization experience accumulates, the early starter becomes lonely international, who itself has extensive international operations but is rather alone in this situation in the industry. The lonely international is thus able to capitalize on many markets without adjusting resources to large extent, which however requires coordination within the markets. Opposed to the situation with regard to the lonely international, the late starter is to enter an already international market without being international itself. This situation encourages firms to start with more committed entry modes, such as sales subsidiaries or local production, from the beginning. In this, smaller firms are more agile than larger firms. The final firm profile, the international among others is both highly global and operates in a highly global market environment. The international among others is able to capitalize on its strong position in national and global networks, and build bridges to new networks in order to expand the business and to supersede and prevent competitors from operating in these markets. (Johanson & Mattsson, 1988).

Oviatt & McDougall (2005, 540) define international entrepreneurship as "the discovery, enactment, evaluation, and exploitation of opportunities —across national borders — to create future goods and services". Internationalization can thus be seen as the process of exploring and exploiting opportunities that lead to activities in foreign markets. Networks are central gateways to recognize and capitalize on these opportunities; in today's global but 'reachable' markets firms are increasingly regarding geography and country-specificity as rather insignificant in explaining the extent of difficulty to enter foreign markets, but instead the relationships and networks determine the success of getting inside the foreign markets to explore and exploit opportunities (Johanson & Vahlne, 2009). In this regard, Eberhard & Craig (2013) distinguish between interpersonal and inter-organizational network and argue that the former of these can help opportunity exploration by providing information about foreign opportunities and knowledge for innovations while the latter one is beneficial for opportunity exploitation by providing resources to implement foreign activities and promotion for firm reputation in the markets. Networks are especially important for SMEs, as highlighted earlier, and the authors find that these different types of networks positively influence the international market venturing of SMEs. (Eberhard & Craig, 2013).

Within networks there are different types of network relationships that influence internationalization. Coviello & Munro (1997) find that formal, i.e. business relationships with other firms, and informal relationships, i.e. friendships and family relationships, have effect on the early foreign market and entry mode selection of small software firms. In addition to formal and informal relationships, there are intermediary relationships, in which there is no direct interaction between the buyer and the seller but a third party, a broker, who acts as a link between the buyer and the seller, thus facilitating the business relationships and activities to be established between these two (Oviatt & McDougall, 2005). Ojala (2009), also in the context of small software firms, finds that intermediary relationships, such as government-based non-profit consulting organizations, can be beneficial for knowledge-intensive SMEs without existing formal or informal relationships when seeking to enter psychically distant markets.

In the domain of networks, we can go deeper to examine the typology of network ties. One of the underlying theories determining the influence of different network ties is social capital theory. Adler & Kwon (2002, 23) define social capital as "the goodwill available to individuals or groups" whose "source lies in the structure and content of the actor's social relations". Nahapiet & Ghoshal (1998, 243) define the concept as "the sum of the actual and potential resources embedded within, available through, and derived from the network of relationships possessed by an individual or social unit". Thus, the network ties within networks can include social relations to larger or lesser extent, which provide resources embedded into these relationships. These ties can provide access to intangible resources, such as knowledge and contacts, and tangible resources, such as production (Agndal et al., 2008) and thus serve as bridges to foreign markets (Adler & Kwon, 2002). Access to resources can happen via different kinds of ties in which social capital is structurally embedded in a different way. Agndal & Chetty (2007) distinguish between direct and indirect relationships, of which the former ones refer to direct interaction with distributors, customers, suppliers and alike, whereas the latter ones refer to indirect or latent interaction with customers' customers or suppliers' suppliers. Indirect relationships provide access into other networks, which in turn can include sources of new ideas and business opportunities (Agndal & Chetty, 2007).

Agndal et al. (2008, 664) argue that "social capital is not static but highly dynamic, as its structural and economic dimensions change over time". Thus, in addition to distinguishing between direct and indirect network relationships, these relationships can also be categorized based on the strength of them, i.e. how strong or weak they are. Granovetter (1973) states that the strength of a tie is determined by four elements: the amount of time, the emotional intensity, the intimacy (mutual confiding), and the reciprocal services. That said, the longer the relationship and thus higher the commitment, the stronger the tie to an actor. The more emotionally grounded, reciprocal, close and thus trustworthy the relationship, the stronger the tie to an actor. In this light, for example, family relationships can be regarded as rather strong in principle. Oviatt & McDougall (2005) argue that weak ties are more important than strong ties in internationalization: these friendly but business-like ties to, for example, customers and suppliers require less investments and thus can increase relatively fast in number, providing access to knowledge and other resources. Weak ties to intermediary actors, such as consults, are beneficial in enabling indirect ties to do business in foreign markets. (Oviatt & McDougall, 2005.) Weak ties can provide sources of more unique information, because the locations are outside the actor's close network and are more rarely tackled (Granovetter, 1973).

3.3 Family Business Internationalization

3.3.1 Advantages of Family Businesses

At the core of many FB internationalization studies has been the influence of family control and involvement on internationalization, i.e. does family ownership and management influence positively or negatively on internationalization. On the positive side, high family ownership is seen as benefiting international sales through agency benefits and ability to build strategic resources and capabilities for the needs of internationalization (Chen et al., 2014). Similarly, with regard to agency issues, Lien & Tsao (2013) suggest that family management reduces agency problems, which results in innovation- and performance-related benefits in FB internationalization. Zahra (2003) distinguishes between family ownership and involvement, and finds out that both the aspects separately and in interaction are positively associated with internationalization. Furthermore, family ownership enhances the utilization of international opportunities through exploiting expertise and networks (Colli et al., 2013) and implementation of new foreign investments (Singh & Gaur, 2013). Based on the panel data of 216 Taiwanese firms, Chen (2011) states that firms with high family ownership are more likely to internationalize compared to non-FBs.

There are family-related factors that may enhance internationalization. Patel et al. (2012) conclude that altruism, stewardship and trust are factors that facilitate expansion into foreign markets. In other words, increased family involvement throughout the organization, the coherence of the people involved and their commitment to the values, mission and goals of a family-controlled firm make the investments and efforts for the common good efficient due to the aligned interests, thus enhancing the execution of a demanding process of internationalization. Swinth & Vinton (1993) identify three key, similar advantages FBs possess – trust, loyalty, and continuation – that enhance cross-cultural bridging via joint ventures. Gallo & Pont (1996) also state that FBs have an advantage in building alliances with other FBs and add how they can extend their business to international markets by setting work opportunities for family members and having them placed in various countries. In line with the findings above on coherence and continuation, also long-term orientation, relational skills in networking and ability to make quick decisions are enhancing factors, which are important in responding to the ever-changing trends in international markets on one hand and maintaining patient but persistent strategy towards internationalization on the other hand (Gallo & Pont 1996; Erdener & Shapiro, 2005). Overall, if there is family culture, which consists of components that deploy the beneficial aspects of familiness and support the mindset and knowledge towards going international, FBs can be successful in the international arena (Merino et al., 2014; Gallo & Sveen, 1991).

According to some studies, being an FB turns into having better international performance and orientation towards internationalization. Aligned with the arguments of Lien & Tsao (2013) mentioned earlier, Graves & Shan (2014), based on a comprehensive longitudinal panel data on 4217 unlisted family and nonfamily firms in Australia, state that family SMEs perform better internationally in terms of return on assets. Also using return on assets as a performance indicator, Munoz-Bullon & Sanchez-Bueno (2012) find that expanding to new markets together with new products yields better results if there is high family involvement in ownership and management. Similar to the findings of Chen (2011), Procher et al. (2013) suggest that European FBs are more likely to do foreign investments than non-FBs. Carr & Bateman (2009) argue that FBs are slightly more oriented towards internationalization than non-FBs, but note that their structures are as global and performances as good as those of non-FBs. This implies the similarities of both the firm types in the end.

3.3.2 Disadvantages of Family Businesses

There are also opposing, negative views and findings regarding FB internationalization. In terms of family ownership and management and their relation to internationalization, findings suggest that family ownership is negatively associated with international diversification (Sanchez-Bueno & Usero, 2014) and family-owners' involvement in management with export propensity (Cerrato & Piva, 2012). Fernandez & Nieto (2005, 2006) conclude that there is negative relationship between family ownership and internationalization mainly due to the lack of and inability to build resources and capabilities that produce competitive advantages for internationalization. Furthermore, high family ownership is seen as hindering inter-organizational networking to international markets (Eberhard & Craig, 2013) and high family control as influencing negatively on international involvement (Yunshi et al., 2011). In the context of board structure, low family involvement and number of family members in the board is associated with higher likelihood of internationalization (Calabro et al., 2009) and eventually better international sales (Sciascia et al., 2013).

In the previous section, wherein some authors provided family-related resources, capabilities and other factors facilitating and enhancing internationalization of FBs, the same authors also point out the other side of being an FB and related unfavorable and restraining factors with regard to internationalization. Maintaining coherence may turn into narrow-mindedness that hinders the internationalization process, as FBs are reluctant and unable to acquire knowledgeable and internationally oriented managers from outside, and are afraid of diminishing the power and control the family has (Gallo & Sveen, 1991). Despite stating the positive outcomes derived from altruism, stewardship and trust, Patel et al. (2012) acknowledge the conflicts that may arise from avoiding risk-taking due to preserving stability and SEW for the sake of family needs on one hand, and coping with disagreements within the family on the other hand. The lack of resources and capabilities is also seen as bearing a difficult obstacle between FBs and successful implementation of internationalization process. Limited – e.g. financial, personnel and technology-related – resources and poor managerial capabilities and attitudes towards going international slow down the internationalization process and hamper a profitable growth in international markets (Larimo, 2013; Patel et al., 2012; Fernandez & Nieto, 2006; Graves & Thomas, 2008; Graves & Thomas, 2006; Olivares-Mesa & Cabrera-Suarez, 2006; Gallo & Pont, 1996).

Although FBs might achieve better results and be more aggressive in international markets, there is also evidence in favor of non-FBs. Based on a survey data on 343 Finnish SMEs, Larimo (2013) concludes that the export performance of non-FBs is better than FBs. Additionally, Gallo et al. (2004) state that non-FBs achieve better growth in international sales and equity, although the findings are not statistically significant. In terms of international orientation in general, Westhead & Howorth (2006) identify a negative association between family CEOs and export propensity, while Donckels & Fröhlich (1991) also provide evidence on lower exports of FBs. FBs' focus seems to be on domestic markets rather than pursuing internationalization (Thomas & Graves, 2005).

3.3.3 Is There Dichotomy or Not?

As can be witnessed in the light of the literature on FB internationalization, there are mixing views and results on whether or not FBs thrive in internationalization in comparison to non-FBs. As a matter of fact, there are also studies that position their arguments in between the two poles. Few studies propose an inverted U-shape between family involvement in management and exporting or FDI propensity (Liang et al., 2014), family influence and international activity (Mitter et al., 2014), and family ownership and international scale and scope (Sciascia et al., 2012). In other words, approximately medium levels of family control and involvement lead to high levels of internationalization. The findings on the 'golden mean' indicate the balancing between the pros and cons of being an FB in relation to internationalization. For example, Liang et al. (2014) conclude how family involvement in management can facilitate the initiation of internationalization due to altruism, but on the other hand the possible limitations regarding managerial resources and capabilities may hinder the process. In many cases, findings on FB internationalization are, indeed, twofold. Segaro et al. (2014) state that family commitment culture and stewardship orientation can be detrimental to internationalization, but provided that the top management possesses strategic flexibility, stewardship can still benefit internationalization. Similarly, Zahra (2005) identifies a positive association between family ownership and international venturing but a negative association between family ownership and utilizing foreign alliances.

To further diversify the perspectives on FB versus non-FB dichotomy, evidence has been raised to extinguish proposed differences. Despite suggesting that FB culture can benefit the exporting of family SMEs, Merino et al. (2014) state that, after all, family ownership and management don't affect internationalization significantly. Graves & Thomas (2004) find that FBs are less likely to go international compared to non-FBs, but note that the degree of internationalization is rather the same between the two. Furthermore, no difference is found between FBs and non-FBs in terms of performance, amount of exporting, and resources and capabilities developed and needed for successful internationalization (Crick et al., 2006; Menendez-Requejo, 2005).

Two conspicuous aspects can be identified from the literature that may shift the balance from the equilibrium to either positive or negative outcomes regarding the association between being an FB and internationalization: generational impact and external involvement. New generations provide with new resources and capabilities, attitude and knowledge towards internationalization (Merino et al., 2014; Fernandez & Nieto, 2005; Gallo & Sveen, 1991). Pursuing internationalization and utilizing that is often contingent on the generation in power with later generations going international more likely (Bobillo et al., 2013; Gallo & Pont, 1996). According to Okoroafo (1999) and Okoroafo & Koh (2010), however, there are limits to the generational propensity to internationalization; during the first and second generations FBs are likely to internationalize but not in the third generation anymore. More specifically, the second generation seems to be more involved in exporting and oriented towards instigating internationalization (Okoroafo & Perryy, 2010; Menendez-Requejo, 2005). Furthermore, contrary to the findings on the higher likelihood of internationalization in later generations, Claver et al. (2008) argue that first generations are less risk-averse towards internationalization. So in the end, as there are diverging views on FBs versus non-FBs in general, the interpretation of generational impact is equivocal.

The second influential factor is FBs' receptivity to external involvement in the firm, which refers to the acquisition and inclusion of outside expertise in ownership, board and management as well as external financing. First, according to Naldi & Nordqvist (2008), outside ownership increases the scale and scope of internationalization. Ownership of financial entities in particular is seen as providing with financial resources and benefiting internationalization, as there is positive association between the ownership of foreign investors and international sales (Calabro et al., 2012), and between institutional and venture capitalist ownership and the scale of internationalization (George et al., 2005). Sanchez-Bueno & Usero (2014) specify that financial firm as a second biggest owner fosters foreign investments of FBs, while Fernandez & Nieto (2006) raise the positive effect of corporate blockholders on internationalization. Second, the high involvement of external board members is also considered influencing positively on FBs' amount of international sales (Sciascia et al., 2013; Calabro & Mussolino, 2011; Sundaramurthy & Dean, 2008), scope of internationalization (Naldi & Nordqvist, 2008), and propensity to internationalize (Calabro et al., 2009). Arregle et al. (2012) find that external parties in the governance of family-controlled firms promote internationalization, but contrary to Naldi & Nordqvist (2008), note that external board members may decrease the scope of internationalization. Furthermore, Mitter et al. (2014) identify a positive effect of advisory boards and their expertise in helping FBs to obtain international contacts and execute internationalization successfully. Finally, with regard to managerial benefits, external CEO can benefit the scale of internationalization (Naldi & Nordqvist, 2008) and more broadly the degree of internationalization, i.e. the scale, scope and psychic dispersion of internationalization (Yeoh, 2014). In the context of foreign entry modes, Claver et al. (2009) suggest that the involvement of nonfamily managers reflects positively to high-commitment entry modes. Banalieva & Eddleston (2011) futher distinguish between the roles of family and nonfamily leaders; FBs can benefit from internationalization if family leaders focus on regional and nonfamily leaders on global markets.

3.3.4 How Do Family Businesses Internationalize?

The debate between the superiority of FBs and non-FBs in internationalization implies that no straightforward answer or judgment on winning or losing can be provided. There are both favorable and unfavorable factors affecting the internationalization of FBs, and often the success is determined by the generation in power, organizational structures, and context in which internationalization occurs. Because of the ambiguity, it is essential to know and understand *how* FBs internationalize compared to non-FBs. Furthermore, since this study aims to shed light on the internationalization process and related factors of family SMEs, i.e. adopts a process- rather than variance-based view, studies that show some ways in which FBs actually execute their internationalization from initial entry to accumulated international network act as primary reflection points for the findings and implications of the study. The existing literature provides with evidence on the pace and scope of internationalization process, entry and operation modes used as well as different factors and determinants that guide the process. Despite some varying views, according to the literature FBs' internationalization generally seems to follow traditional, sequential process based on the Uppsala model, in which internationalization starts from culturally and geographically close markets via low-commitment entry modes (Johanson & Wiedersheim-Paul, 1975; Johanson & Vahlne, 1977).

Accordingly, the internationalization process of FBs shares the characteristics of the Uppsala model (Kontinen & Ojala, 2010b; Moya, 2010; Graves & Thomas, 2008; Claver et al. 2007). For example, Kontinen & Ojala (2010b) found that all the four case FBs spent a reasonable amount of time in domestic markets before entering mostly to nearby markets by using low-commitment, indirect entry modes, after which they entered psychically distant French market. Focusing on domestic markets is characteristic to FBs and psychic distance is a significant obstacle that slows down the internationalization from there (Cesinger et al., 2014; Gomez-Mejia et al., 2010; Thomas & Graves, 2005). FBs choose to enter foreign markets that are culturally and geographically close (Kontinen & Ojala, 2010b; Gomez-Mejia et al., 2010) or as Child et al. (2002, 54) phrase it regarding firms based in Hong Kong, whose "internationalization tended to follow a pattern moving outward across concentric circles of investment destinations that accord with their psychic distance from Hong Kong". In line with the findings on the incremental, risk-averse development of FBs' internationalization, FBs don't pursue entering several markets but rather have fewer selected markets they focus on (Larimo, 2013; Lin, 2012; Zahra, 2003).

When it comes to the operation modes applied in the foreign market entry, the above-mentioned studies and their findings based on the Uppsala model would suggest that indirect exporting due to its low risk and commitment is preferred (see e.g., Kontinen & Ojala, 2010b). This gets further evidence from Olivares-Mesa & Cabrera-Suarez (2006) and their data on 1424 Spanish firms, who find indirect exporting the most common operation mode in the initial internationalization phase. Additionally, based on data on 187 FBs from northwest Ohio in the U.S., Okoroafo (1999) state that exporting, followed by joint ventures, are the most used ways to sell products to foreign markets. Speaking of joint ventures, which belong to the equity entry modes, FBs seem to prefer these to modes requiring more equity and commitment, such as wholly-owned subsidiaries (WOSs). For example, Kuo et al. (2012) argue that compared to non-FBs, FBs are more likely to operate via joint ventures rather than WOSs when they have little experience. Joint ventures are recommended for FBs, as they can provide with supplementing resources and capabilities (Fernandez & Nieto, 2005), especially between FBs (Swinth & Vinton, 1993). Risk-averse nature can also be seen in the context of FDIs, as FBs are likely to commit low levels of equity when implementing FDI strategy (Filatotchev et al., 2007) and target FDIs to nearby locations (Chen, 2003). In addition to risk-averse nature, FBs seem to be rather passive and needing less intermediaries and collaboration in and for internationalization (Abdellatif et al., 2010; Okoroafo, 1999; Donckels & Fröhlich, 1991), although the importance of trade fairs (Kontinen & Ojala, 2011a) as well as government institutions, business partners and personal relations (Senik et al., 2011) among others are recognized as facilitating FBs' internationalization and international networking more specifically.

Earlier some factors and antecedents enhancing and facilitating as well as impairing and restraining FBs' internationalization were presented, which were mainly variance-based and didn't really link themselves into specific phases of internationalization process or process as a whole. Thus, in order to both reinforce the previously mentioned issues and incorporate them – and some additional aspects – into the process itself, some determinants for successful and unsuccessful internationalization of FBs are derived from qualitative FB internationalization studies discussing process to some extent. Few attributes stand out as major determinants of successful FB internationalization: proactive attitude towards internationalization, both international and technological knowledge, innovativeness, coherent and committed family, and long-term orientation (Menezes et al., 2014; da Rocha et al., 2012; Boyd et al., 2010; Casillas et al., 2010; Mustafa & Chen, 2010; Thomas & Graves, 2005). Managerial capabilities and sufficient financial resources, the importance of which was already highlighted earlier, are also regarded as crucial factors in studies viewing and discussing the process of respective case firms (Buciuni & Mola, 2014; de Farias et al., 2009; Puig & Perez, 2009; Graves & Thomas, 2008). With regard to specific functions, Abetti & Phan (2004), who studied the evolution of a single FB with an 80-year perspective, identify succession planning, value chain management and building global alliances as one of the key issues regarding the growth of the case FB. In the light of agency theory, Karra et al. (2006), also focusing on a single case study, find the FBs benefiting from altruism on one hand but also struggling due to the dominant agency cost on the other hand.

Although there is a considerable amount of evidence on declaring FBs' internationalization pathways as slow, step-by-step processes from low- to high-commitment operation modes affected by psychic distance and risk-averse nature, dissenting views exist. BRIC markets as target countries, Boyd & Dyhr Ulrich (2014), with a sample on 177 Danish firms, find that FBs choose high-commitment entry modes due to control and long-term orientation. Despite stating that FBs target few foreign markets, Lin (2012) adds that their pace is rapid in terms of establishing new foreign subsidiaries per year. Kontinen & Ojala (2012a) identify that the ownership structure of an FB heavily determines the pathway chosen with fragmented ownership structure leading to traditional pathway as the Uppsala model suggests and concentrated ownership structure leading to born global or born-again global pathways. Pinho (2007) goes even further by arguing that being an FB or non-FB makes no significant difference when it comes to choosing foreign entry modes; what matters is experience, innovativeness, market's growth potential and market knowledge. This is supported by Daszkiewicz & Wach (2013), who find that FBs and non-FBs don't differ in exporting, investing and making contracts to foreign markets, although they identify that non-FBs are more likely to have foreign branches. Furthermore, reflecting the possible diminution of the dominance of traditional pathway in FBs' internationalization, there are FBs utilizing digital entry mode due to the increase in the significance of new technologies and Internet in benefiting internationalization and competing in the global marketplace (Plakoyiannaki et al., 2014; Fernandez & Nieto, 2005; Davis & Harveston, 2000).

Since this study aims to adopt relational perspective on the internationalization of FBs, reviewing process studies including network-related findings is crucial. Some findings related to the factors influencing international networking was already mentioned above (see e.g., Colli et al., 2013; Kontinen & Ojala, 2011a; Senik et al., 2011), but in the light of the nature of this study it is more relevant to pay attention to *how* international networks and network relationships are developed and utilized in the internationalization process. Network relationships and ties are considered especially in the early phases of internationalization. Establishment of and involvement in networks that provide with partners with resources and knowledge for internationalization early on are of great importance in opening up international markets and initiating the process (de Farias et al., 2009; Fletcher, 2008). Fletcher (2008, 963) states the importance of networks by using a term network embeddedness, which "creates the conditions for internationalisation as the bonds between parties embedded in different networks enable the international divide to be bridged due to the bonds causing the networks to overlap". Slightly referring to Uppsala model, Chen (2003) states that internationalization is "a process of travelling the network distance, where the distance is measured by a host of factors that affect the ease of network interface", i.e. foreign investments start in close markets where risks are smaller and the reach easier due to logistic, cultural and industrial factors.

It is not, however, indifferent, what kinds of network relationships and ties FBs create and develop in internationalization process. Formal and intermediary as well as weak ties in the context of social capital are used by FBs during international opportunity recognition and entry process (Kontinen & Ojala, 2011a; 2011b; 2011c). Strong and informal ties within the family play not a significant role in benefiting internationalization in the early phases (Kontinen & Ojala 2011a; 2011b), but after the foreign market entry the importance of strong and formal ties increases (Kontinen & Ojala, 2011c). In line with these findings, FBs have a lot of structural holes during their internationalization process and focus on building network closure with selected partners and social capital ties they trust in (Kontinen & Ojala, 2012b). As indicated earlier, choosing right partners determines heavily the international success, for example by providing with financial resources and market information (de Farias, et al., 2009). Good partners can also enable firms to 'skip' the tendency to start internationalization from nearby markets with their expertise and linkages to other networks (Chen, 2003).

Despite the findings on the insignificance of family ties in the internationalization of FBs (see e.g., Kontinen & Ojala, 2011a), the presence and involvement of family in the international networking get support. Hewapathirana (2014) raises the importance of bonding family-like relationships in bridging family relatives, friends and communities as well as linking business professionals and clients across borders, which provides new knowledge and resources and thus benefits internationalization. Furthermore, in the context of Chinese FBs, family owners and leaders are heavily involved in and controlling the decision-making, communication and coordination regarding international operations and networking (Tsang, 2002; Tsang, 2001; Yeung, 1999). High degree of control makes the knowledge related to internationalization to accumulate tightly within the family (Tsang, 2002), which might be one of the reasons FBs find it hard to build trustworthy relationships with nonfamily members and make international expansion a much like learning-by-doing (Tsang, 2001). However, high involvement by the family is seen as a way to safeguard firm-specific competitive advantages and utilize network relationships with foreign firms (Yeung, 1999).

4 EMPIRICAL CASE STUDIES

In this section, the research methodology and research data are presented. In the research methodology part, the multiple-case approach, data collection and content analysis method as a data analysis technique are explained and justified. In the research data part, the choosing criteria of the case firms as well as detailed descriptions of the case firms and the interviews are presented.

4.1 Research Methodology

Since the main focus of this study is to answer to 'how' questions, a qualitative case study is appropriate methodology to be used (Yin, 1994). More specifically, this research is a multiple-case study. Despite the ability of a single-case study to comprehensively and in detail explain and present the phenomenon (Siggelkow, 2007), studies based on multiple cases provide with more grounding and comparison to build theories that are generalizable (Eisenhardt & Graebner, 2007). For studying the international networking processes through multiple-case approach, 10 Finnish, family-controlled SMEs from manufacturing sector were chosen in the study.

4.1.1 Data Collection

Since the study deals with internationalization process, an episodic and infrequent phenomenon, interviewing is recommended as a data collection method as it provides rich data, unveiling the underlying factors that determine the complex, not-so-linear international pathways and trajectories of family SMEs (Eisenhardt & Graebner, 2007). 1-3 persons (e.g., CEO, marketing manager or family board member) from each firm were interviewed, including at least one family member from the firm. The interviews were semi-structured; i.e. predetermined questions and themes were made but they were not strictly followed in order and in the initial form but aligned and modified in the course of the interviews in order to obtain rich answers to the complex phenomena. The interviews did not only follow traditional verbal communication between the interviewer and interviewee but also included drawings of network ties and their intensity, i.e. mapping the international network structures of the firms. This visual data supplemented spoken data and helped understanding the formation, processes and development of network relationships better, which are at the core of the study. Below is a simplified interview frame including the main themes from the interviews:

1) General information and background of the case firms
2) SEW-related questions as suggested by Berrone et al. (2012)
3) The strategic nature, background and development of internationalization
4) Establishment, development and the characteristics of the network relationships in the main markets
5) Challenges in internationalization and networking
6) The role of family and family ownership in internationalization
7) Other issues the interviewee wants to share related to internationalization

The interviews were recorded and transcribed carefully afterwards. Total 323 pages of transcribed text was written from the data.

4.1.2 Content Analysis

The study takes an inductive, exploratory approach to build theory from the data, since the combination of perspectives the study involves has not really been embraced in earlier research. The data analysis was done by the content analysis technique. The content analysis process followed three major phases (Miles & Huberman, 1994): data reduction, data displays, and conclusion drawing/verification. In the data reduction phase, categories derived from the research questions and consequently aligned with the interview questions were constructed first. These three categories were:

1) Identifying and building the international network
2) The characteristics of the networks and their maintenance and development
3) Being an FB in internationalization

Furthermore, sub-categories were added under the main categories. For example, the first category included sub-categories such as 'International pathways' and 'Identification of international opportunities', the second category 'The strength and development of ties' and 'Management of the network', and the third category 'The importance of being an FB in international markets' and 'The connection between being an FB and certain type of internationalization' among other sub-categories. This categorization helped identifying and extracting the critical issues from the data that answer to the research questions of the study.

After reducing the data, the categorized and relevant content was displayed in a table that included the main and sub-categories. In addition to displaying the reduced data in the table, summaries of the transcriptions were written to provide a sort of narratives of the interviews under the relevant categories. With this the goal was to put the transcriptions in the form of text, from which the internationalization processes and other causalities of the case firms could be clearly understood in order to support the processual understanding of the data and the filling of the display table with relevant content. Finally, after reducing and displaying the data in concise but rich and organized form, conclusions could be verified and drawn. The content analysis process in this study is depicted in Figure 3 below.

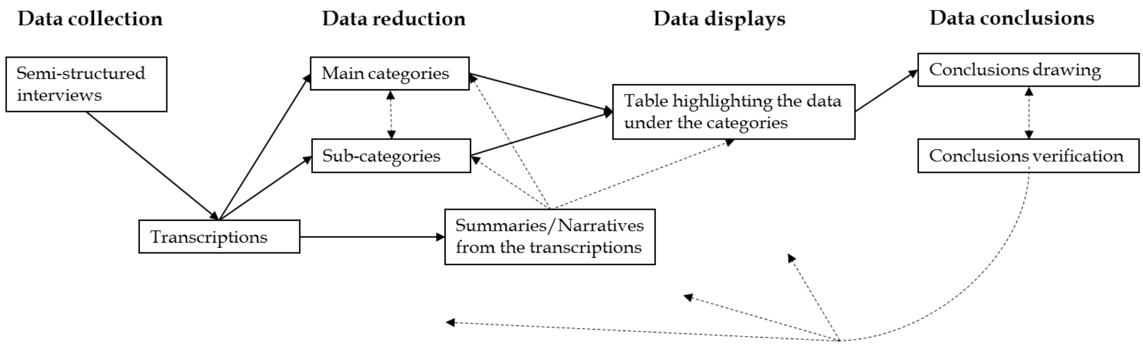

Figure 3. Content analysis process.

4.2 Research Data

The 10 case firms were chosen through few criteria: Finnish, SME (Small and Medium-sized Enterprise) classification, high family control, degree of internationalization, intermediary-based foreign operations, same industry, and longevity of the firm and its internationalization. First, Finnish case firms were chosen mainly for practical reasons. They could be approached relatively easier and interviews could be conducted face-to-face, thus enabling better interaction with the interviewees and richer data. Furthermore, from the perspectives of this study Finnish firms haven't been used as a context in earlier research, which suggests that using just Finnish case firms has contribution in a geographical sense. In addition to these criteria, firms with SME classifications were chosen. Choosing SMEs was due to their suitability for studying network-related issues, but also due to their significance in global economy (World Bank, 2015). For example, in the European Union SMEs account for 99 % of all businesses. SMEs are defined as having less than 250 employees, and turnover of EUR 50 million or less or the value of balance sheet EUR 43 million or less. (European Commission, 2016.)

Since this research aims at examining the internationalization processes of family-controlled firms specifically, firms having family owning at least 50 % of the shares and being present in management and government were sought for (Arregle, 2012; Sirmon et al., 2008; Westhead & Howorth, 2007). The author also believes that SEW can be better examined if the case firms are both heavily influenced and controlled by the family. In this respect, as Table 1 below illustrates, almost all the case firms chosen are fully owned by the family with the exception of Firm J, in which family ownership is 60 %. However, that is over the minimum, and as with other case firms, there is managerial and board presence by the family. All the case firms have or have had presence from different generations in management and government, thus providing interesting insights on the influence of different family members on the business from short to long term.

As regards the degree of internationalization, firms having at least 30 % of foreign sales to total sales and at least three foreign markets served on a regular basis were wanted. In terms of the amount of foreign sales, Firm H and J don't exceed the minimum level with 5-10 % foreign sales to total sales, and Firm H has basically just one regular foreign market, Sweden, it has exports to. The presence of these firms in the population, however, can be justified: Firm H's exports are rather sporadic, and during the peak years the exports have accounted for about 50 % of total sales, whereas the foreign sales percentage of Firm J is small due to young age, but the firm already has many contracts and partnerships pending in many foreign markets to start actual delivering of products. With regard to the rest of the case firms, foreign sales to total sales range from 50 % to 95 %. Foreign market reach is at least European-wide, but many firms have also more global reach to other continents as well. In addition to numerical degree of internationalization, certain foreign operation methods were preferred. Firms with at least direct exporting as a main foreign operation mode, i.e. firms having foreign intermediaries and partners via whom products are delivered, were preferred, since the analysis on international networks and relationships would then be more fruitful opposed to having case firms with just indirect exporting. Among the final population, eight case firms operate mainly via agents or dealers, one case firm (Firm F) via subsidiaries, and one case firm (Firm I) directly exports by itself or via a subsidiary.

In addition to generally high family control, degree of internationalization, and intermediary-based foreign operation methods, two other common features were looked for when choosing the case firms: same industry and longevity in terms of firm and internationalization history. All the case firms chosen are manufacturing firms. Longevity was desired, because then the data on the development of firm growth and internationalization would be more fruitful. With the exception of Firm D and J, all the case firms have been established before the 21st century and started their internationalization around 2000 at the latest (Firm B). Although Firm D was established in 2006 and started its internationalization around 2010, the firm has roots in 1990s and some international activities have occurred already then. Firm J was also established in 2006 and went international around 2010, but as mentioned earlier, its presence can be justified due to other criteria. Furthermore, Firm J, as a sort of outlier in the population, can also act as a comparative example to other case firms if clear deviations come up.

As regards the actual execution of interviews, at least two interviewees were wanted, of whom at least one interviewee was family member involved in the management and governance of the business. The duration of interviewees was targeted to take at least 45 minutes per interviewee in order to cover the interview themes properly and obtain rich data. The minimum number of interviewees was achieved with eight case firms. With Firm D two different interviews was arranged, but with the advent of starting the interviews the other person had to travel to client meeting. In Firm E the interviewed person is basically the only person managing and governing the firm's business, so there wasn't any other person to be interviewed in addition to him. From all the case firms at least one family member from management and government position was interviewed. The target average duration of interviews per person, 45 minutes, was achieved in half of the case firms. The busy schedules of some case firms forced to execute the interviews with strict time limits, but overall all the relevant interview themes were covered with all the case firms, and the total duration of firm interviews lasted well over one hour on average.

Table 1. Basic information about the interviews and the case firms.

	Number of interviewees	Titles of interviewees	Duration of interviews	Family ownership	Generations currently involved	Establishment year of the firm	Start of internationalization	International sales to total sales	Most important foreign markets	Main operation mode
Firm A	2 (1 family member, FM)	CEO; Export Sales Representative	45 min (23 / person)	100 %	1st and 2nd	1983	1984	50 %	Sweden, Norway, Great Britain	Direct exporting via dealers
Firm B	3 (2 FM)	Founder, former CEO and current Creative Director; CEO; Chairman of the Board	1 h 58 min (40 / person)	100 %	1st and 2nd	1995	2000	85 %	Germany, England, Sweden	Direct exporting via agents or dealers
Firm C	2 (2 FM)	Founder and CEO; Sales Manager	1 h 32 min (46 / person)	100 %	1st and 2nd	1986	1989-1991	90 %	Sweden, North America, England	Direct exporting via dealers
Firm D	1 (1 FM)	CEO	46 min	100 %	1st and 2nd	2006	2009-2010	70-80 %	Sweden and Germany	Direct exporting via agents
Firm E	1 (1 FM)	CEO	1 h 25 min	100 %	2nd	1956	1994	90-95 %	Norway, Switzerland, Germany	Direct exporting via dealers
Firm F	3 (2 FM)	CEO; Design Manager; Area Manager	1 h 34 min (31 / person)	100 %	2nd and 3rd	1976	1993	70 %	China and South Korea	Subsidiaries
Firm G	2 (1 FM)	Chairman of the Board and former CEO; CEO	1 h 45 min (53 / person)	100 %	2nd and 3rd	1965	Early 1970s	50 %	Sweden, USA, Great Britain	Direct exporting via agents
Firm H	2 (2 FM)	CEO; Chairman of the Board	1 h 45 min (53 / person)	98 %	2nd and 3rd	1953	1982	5-10 %	Sweden and Estonia	Direct exporting via agents
Firm I	3 (1 FM)	CEO; Sales Director; Project Manager	1 h 45 min (35 / person)	98 %	2nd and 3rd	1966	Early 1980s	50 %	Norway, Poland, Sweden	Direct exporting by itself or via subsidiary
Firm J	2 (1 FM)	CEO; Board Member, former CEO and Founder	1 h 37 min (49 / person)	60 %	1st and 2nd	2006	2010	5 %	Greece, Austria, Cyprus	Direct exporting via dealers

4.2.1 Descriptions of the Case Firms

Firm A, a 100 % family-owned manufacturer of sliding and folding door systems and related accessories, was established in 1983. The firm started to internationalize in the next couple of years, heading first to Sweden in 1984 and followed by the Great Britain and Norway in 1985. With the average pace of one country per two years, the firm has expanded to new foreign markets and has about 20 foreign markets today. Firm A employs mainly direct exporting via importing distributors, who are able to store the products and have existing sales channels to effectively distribute the products in the host market. The firm once tried joint venture in China, but that didn't work out and it was terminated eventually. In 2011 the founder of the firm passed the CEO position to the second generation.

Firm B was established in 1995 and is a 100 % family-owned manufacturer of wooden lamps. The firm first manufactured furniture, but in 2002 it sold the furniture business and started to focus solely on lamps. Firm B hadn't managed to succeed in exporting furniture, but with lamps internationalization took off relatively quickly with first foreign markets, Sweden and Germany, reached around 2002 and 2003. Since then the firm has grown into a truly global firm and has exported to nearly 70 countries to date. Nowadays Firm B has around 40 countries it exports to regularly and foreign sales account for around 85 % of the turnover. The firm has no foreign offices itself but utilizes agents and importing distributors in identifying and reaching retailers, who then sell lamps to consumers. In addition to B2C business, the firm also executes project-type deliveries for B2B clients. In showcasing and promoting its lamps the firm puts emphasis on attending trade fairs and through those contacting potential partners from new markets. Despite handing the CEO position over to a non-family worker in the firm in 2014, the founder and the current Creative Director of the firm is still actively involved in the business. Also her son and especially husband participate in the operations and development of the firm.

Firm C, a 100 % family-owned manufacturer of hydraulic generators, power washers and compressors, was established in 1986. The internationalization of the firm began at the turn of 1990s to Sweden, and Middle Europe was reached around 1992 and 1993. Since the firm was a pioneer in manufacturing these hydraulic products, initially it relied on and still believes in active door-to-door contacting abroad in persuading potential customers to buy their products. Nowadays the firm exports to over 60 countries and foreign sales account for over 80 % of the turnover. Firm C trusts in a distinctive, direct multi-channel exporting, in which they utilize multiple dealers in a given country or region with no exclusive distribution agreement given to one single dealer. The firm's own main role in international markets is to support its dealer network by attending important trade fairs regularly and promote the firm's products with active contacting. With regard to foreign sales offices, Firm C has one in China established in 2006 and one in Russia established in 2013. The firm also established a sales office in North America at the end of the 1990s, but it was terminated after some time. The CEO of the firm to this date has been the founder of the firm and his two children currently work there also.

Firm D is a manufacturer of machines and equipment for paper industry. The firm was established in 2006 as a merger of two different firms, but it has roots already in 1990s. The firm is currently owned by two families; the CEO and co-owner became a shareholder in 2009, whose daughters also have shares, and the second and biggest owner, the Chairman of the Board, came along in 2010, whose boys have some shares as well. Before the entries of the current owners the internationalization of the firm hadn't been strategic and regular, but the new owners, with their expertise from the paper industry, started to put more focus on accelerating that around 2009 and 2010 by building an agent network in the foreign markets. The first foreign market was Spain, which was achieved rather reactively, as the firm was contacted and approached from there. Generally speaking, the firm does not do active promotion towards foreign markets, and the agents have the main responsibility to build the markets. Currently the main markets are Sweden and Germany, but the firm also has exports to basically all the other continents. The main foreign operation mode is direct exporting via agents, but the firm also has indirect exporting via another firms as a subcontractor. All together the exports account for 70-90 % of total sales.

Firm E was established in 1956 and manufactured different kinds of gloves for several decades, until in 1990s the firm started to focus on protective gloves. Also in that decade the responsibility over the firm moved from father to son, who has basically been the only one in the family participating in the operations of the business. In 2014 he bought the shares of his sister to obtain 100 % ownership of the firm for himself. The internationalization of the firm already started in the 1st generation with skiing gloves exported mainly to Europe and the U.S. and used by professional skiers even in seven different Olympics. With firefighter gloves the internationalization started from Sweden, whose Rescue Board and its international training sessions have been crucial in attracting more foreign customers and expanding the international network for the firm. The main markets have remained in Europe, but the scope has extended, albeit marginally, to Asia, South America and Africa. Currently the firm has around 50 regular foreign customers in Europe and over 90 % of its turnover comes from foreign markets. The products are directly exported via dealers, but also direct deliveries without intermediaries in the host markets are executed.

Firm F, established in 1976, is a clothing manufacturer ran by 2nd generation. The firm, wholly owned by the family, had mainly foreign imports and domestic focus before the generational change in 1991, after which internationalization, led by the son of the founder, started more extensively with Sweden being the first foreign market in 1993. Chinese market was entered in 1994, which has been the biggest market together with most recent South Korean market, to which the firm entered in 2009. In these two markets, which basically constitute the main markets of the firm, the firm has operated through subsidiaries. Customers are reached through own shops and shop-in-shops as well as with own online shop. In South Korea the firm operates also by licensing.

Firm G, a manufacturer of electrical detection and control devices, was established in 1965. The internationalization of the firm started soon after the establishment with Sweden as a first destination in the late 1960s, after which many other European countries were reached through attending trade fairs and utilizing word-of-mouth. Currently the firm has around 30 foreign markets all around the world it has exported to, of which 10 markets yield deals on a regular basis. The firm operates via foreign agents in these markets, but occasionally deliveries are done by the firm itself. International sales account for around 50 % of the total sales, and Europe is still the main market. The generational change in the firm occurred at the turn of 1990s, when the sons of the father took over the responsibility. The youngest of the three sons was mainly in charge of the firm, working as a CEO for almost 20 years, until in 2014 a nonfamily person was appointed to the CEO position. The firm is wholly owned by the family.

Firm H is a family-owned firm operating in the field of heating boiler manufacturing. It was established in 1953, and in 1982 internationalization started in Austria followed by Sweden, Canada, and the Soviet Union during the next years. To this date, the amount of international trade has fluctuated quite much in line with changes in energy prices, and currently international sales account for about 5-10 % of total sales, as during the peak years the number has been about 50 %. The main foreign markets are located in Nordic and Baltic countries due to logistic reasons. The firm operates through agents and looks for partners that could complement them with construction-related expertise when delivering heating boilers to foreign markets. The firm is run by a 3rd generation CEO, whose father is also still heavily involved in the business as the Chairman of the Board.

Firm I, a manufacturer of filling stations, tanks and related systems, was established in 1966. From 1988 to 1998 the firm was owned by the father of the current CEO, and in 1998 the succession was executed, when the current CEO bought the shares of his father, basically having a full ownership of the firm with 2 % of shares belonging to elsewhere. The internationalization of the firm started in the early 1980s to Soviet Union, to which the firm exported products indirectly via a subsidiary of another Finnish firm, together with whom they attended trade fairs to promote exporting. The firm has had a joint venture in Russia and licensing business to the Great Britain and USA, but those have ended eventually. Currently the firm operates mainly by exporting directly by itself or via a subsidiary in Poland. Exports account for about half of the total sales, and the main markets are Norway, Poland and Sweden, of which Norway accounts for about half of the total exports. In Norway the firm has a big, long-time deal and partnership, which was achieved by active contacting and relationship building by the current CEO. The firm adopts a 'guerilla strategy' in internationalization, referring to active screening and utilization of potential opportunities without committing a vast amount of resources.

Firm J, a drug manufacturer, was established in 2006. The firm is majority-owned by the family with 60 % ownership, but the members currently work mainly in the board and research activities, while the more operational CEO position is held by a nonfamily member, who was appointed to the job in 2014.

The internationalization of the firm started around 2010 to Austria and Germany, which were reached via another Finnish firm, who was supposed to represent the firm in foreign markets and build the international network. However, eventually the relationship to this partner ended, and the firm started to build the network by itself. The firm operates via dealers. In Greece the firm has a manufacturing partner, who is also responsible for opening up markets outside EU with the help of its contacts. The main foreign markets are Austria, Germany and Cyprus, but overall the share of the exports is still just about 5 % of total sales. However, the firm has many registration applications running in various countries both in Europe and elsewhere.

4.2.2 Socioemotional Wealth of the Case Firms

The socioemotional wealth (SEW) of the case firms was examined by asking questions based on the proposed set of items by Berrone et al. (2012) measuring five central SEW dimensions: family control and influence, identification of family members with the firm, binding social ties, emotional attachment of family members, and renewal of family bonds through dynastic succession. Based on the answers, the case firms were categorized as depicted in Figure 4. On the high side, the case firms imply relatively higher importance and existence of the five central SEW dimensions, while going down the line there is more or less variation with regard to the significance of the dimensions. Next, short descriptions of the case firms in terms of the answers related to SEW are provided to justify categorization.

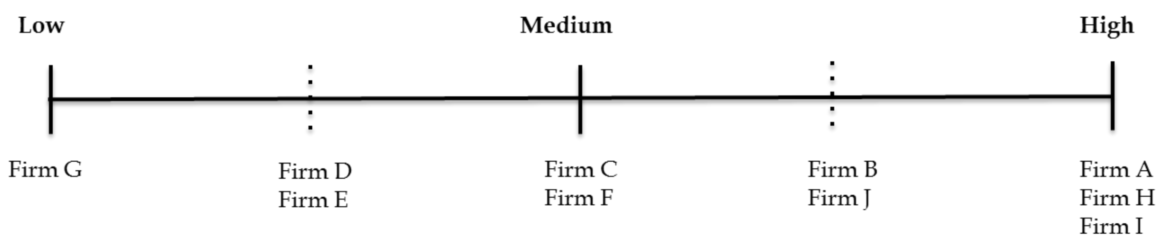

Figure 4. SEW of the case firms.

High SEW. In Firm A, there is strong identification and emotional attachment with the firm; at least the CEO (2nd generation) and her father (founder and Chairman of the Board) feel that way. For example, the CEO has grown into the business since childhood. Generational change would be important; FB has certain values and face and is a kind of embodiment of the people who own it. There are good relationships and cooperation with family and nonfamily members. Although family brings good values to the business, it is important to keep family matters separated from the business so that strategic decisions are not biased. However, since the family owns the firm, their perspectives are heavily involved in decision-making, and this reflects to risk-averse decisions, since your own money is in question and thus the well-being of the family, not to forget all the employees. But since the firm is very much growth-oriented and willing to speed up internationalization, family benefit *per se* is not priority. Export sales representative, a nonfamily employee says that he has been engaged in the business very well early on and believes that other employees feel the same; you feel like part of the family.

In Firm H, there is high emotional attachment and commitment; it is not just a work but also a hobby, and you have long working hours. Generational change is appreciated and expected (3rd generation person is now as a CEO). There are good relationships and cooperation with both family and nonfamily employees; nonfamily employees are like friends, and owner-managers want to be involved in the daily business and be there and do the same things what the employees in the factory hall do.

The CEO of Firm I, who apparently is the major shareholder in the around 98 % family-owned firm, is strongly emotionally attached to the firm. Identification is strong, as he lives basically next to the firm premises, and the firm and its employees form and operate like a farm, family-like community, where there are good and rather close relationships within the members. The CEO represents 2nd generation, and there is also 3rd generation involved in the management and government. Although generational change seems to be rather desirable, it is strongly determined by the will and the skills the successor possesses. But when it comes to maintaining jobs in Finland, the CEO believes that continuing as an FB better secures these jobs. The biggest owner and CEO has quite big control over and involvement in decision-making, which is both good (speed) and bad (subjective power) according to one nonfamily interviewee.

Semi-high SEW. In Firm B, there is very strong emotional attachment and identification with the FB; since you have created the business, it is like your child and you have very strong commitment to it (the founder wants to be part of the business as long as she is healthy enough). Also the founder's son has been around the business from early on and thus grown into it. However, although generational change would be appreciated and important, more important is that the business would continue in good hands in the future, whether they are from family or outside the family (e.g., currently Firm B has a good nonfamily CEO running the business). Thus, succession is not forced, and successive generations can do what they want. However, although the founder's son has some own business ideas, he has shown appreciation for what mother and father have accomplished and is every now and then helping in the firm. There are good and close relationships within family and nonfamily members. There are really not conflicts between pursuing family benefits over firm benefits. Although the founder hasn't been in CEO's position for a while, she has been the main person in charge of strategic decisions, as she has had clear vision about the firm, and gradually these tasks are moved to the nonfamily CEO, who now first gets familiar with the commercial issues. The nonfamily CEO says that it is great that the family members, who own the firm, are also actively involved in the daily business, but admits that (not directly regarding this firm) it might be sometimes hard to do your own decisions, since the family is so heavily involved.

In Firm J, there is strong emotional attachment, identification and commitment; it is not just being an owner but also actively being involved operationally, since it is a young firm with products you have developed and feel like your own. The family owners work for the firm for free. Generational change is important but not an end in itself; it would be desired that it wouldn't be just owning but also more actively being involved in the business. There are very good relationships within family and nonfamily members; goal is to commit the nonfamily CEO, who now has been given a great responsibility and freedom for running the firm operationally, as a co-owner. Family's strategic control is seen as important in this early stage. The firm's benefit is family's benefit, so there is no pursuit of family benefit at the expense of firm benefit.

Medium SEW. In Firm C, there is relatively low 'proclamation' of the firm as an FB; although the CEO has been committed to the business a lot and the firm is completely owned by the family, the firm is first and foremost a limited firm as a legal entity, in which ownership is separated from the family, and the firm's benefit is the priority. If there is too much emotional attachment, there will be family fights. It is however a great thing if there is united power from the family to do the business. Generational change is appreciated but the interests of the firm matter in the end; however, the CEO sees that family ownership is best for the firm in the long run. Relationships within family and nonfamily members are good; family members are not privileged in the firm and are humble employees among others, and the CEO says that he seeks to be the best employee among other employees. The daughter of the CEO, Sales Manager, has slightly diverging views. She feels quite strong emotional attachment and identification to the firm; she has, as though, grown into this and got more and more responsibilities over time. There is maybe different passion to work and move things forward since the firm is an FB, but still the FB status is not emphasized too much, although they are proud of that. More important than being very family-centered is that the firm employs so many great people, together with whom the firm is developing.

In Firm F, there is strong identification (e.g., it is a 24/7 job and carries a family name with it) and emotional attachment to the firm (strong family involvement; e.g. one of the children was to pick up Korean business guests from airport on the interview date). Also indicating emotional attachment, the CEO of the firm was not willing to continue the FB in 1988, and his founder mother sold it to another firm, but in 1991 he bought it from this firm back. Generational change is not intrinsic value and inevitable, and is not forced; the successive generations must have interest in the business. Current mindset is that there would be successors from the children, but it is emphasized that it is hard work if someone continues. There are good relationships with both family and nonfamily members (long-term employments generally). The CEO admits that there are some people he has good relationships with but with some other not so good, since he is not that easy person and lives with emotions. It is important that family has control over the business when it is still small; however, although there is quite strong emotional attachment to the firm, it is acknowledged that it must not affect too much at the expense of healthy business, and in small firm family is more able to manage by numbers and not by emotions. They have to invest their own money in the business, so there you have to be rational (compared to the situation if the firm was owned externally, then they could just borrow money from the bank more easily). During the past difficult years, the CEO and his wife didn't pay wages to themselves; healthy business comes first, which then reflects to the family's well-being. The nonfamily manager in South Korea says that he feels like part of family. He wants to "contribute anyway for the second generation to be inheriting, the first generation was in really good shape".

Semi-low SEW. In Firm D, the CEO has 100 % commitment due to the responsibility over the business as the CEO. Although generational succession has some value, the firm seeks to become bought out by a bigger player. Family members are not privileged in the firm. Family management and ownership are important due to the competencies the people possess, not due to 'familiness'. There is risk-aversion; uncontrollable risky decisions are not made.

In Firm E, generational change is not an end in itself. The business transferred from the founder father (who was very authoritarian) to the son (the interviewed CEO) as if it was forced (father was aging, the recession in 90s was fierce, the son was a guarantee of debts…), so the CEO doesn't want to pass on the business to the next generation the same way and with duty. The emotional attachment that used to exist earlier has diminished (the challenges in the industry, outsourcing many activities other than core activities…). However, since the FB is a kind of embodiment of the persons involved, the pride and honor to some extent has pushed the entrepreneur to win through severe financial difficulties to this date. The relationships with nonfamily employees are generally long-term, but with family members they are rather difficult. The CEO has been the main person to run the business (strong identification, 100 % ownership), but family members are rather reluctant to participate, and conflicts occur (during good times there is some money to share, but during bad times family money has had to be used, which stresses).

Low SEW. In Firm G, FB is a burden left and forced by the founder father, so there is not strong emotional attachment, identification and commitment. Generational change is not important at all, and the Chairman of the Board hopes that no more than one of his children – preferably no one – would continue, since being in the firm with his two brothers and father eventually ruined their relationships, and he doesn't want same for his children. Father's strong position and veto-right inhibited decision-making, and the cooperation with the oldest brother didn't work and the relationship is cold. Father's voice was in conflict with the benefit of the firm as a whole. The Chairman of the Board believes that the firm would have operated more efficiently if there hadn't been any relatives involved but rather clear distinction between owners and employees. There should have been more external involvement in the government, because decisions made in a small FB within family members were not that professional. Now they have had nonfamily CEO for few years.

5 RESULTS

After transcribing the data, organizing it under the categories and rewriting it as summarizing narratives and descriptions, results can be presented. Next the results are gone through in line with the categorization that reflects the research aims and theoretical framework of the study. First, international pathways focusing on the process perspective are examined. After that the characteristics and management of the network relationships are covered. Finally, the family perspective to the internationalization of the case firms is examined. At the end of each of these three main categories, a summary of the findings is presented.

5.1 International Pathways

5.1.1 Strategic Nature of Going International

The main fundamental reason for internationalizing has been the fact that Finland is too small market, which is explicitly mentioned in the answers of seven case firms. For example, Firm D states how going international was inevitable due to the decline of paper industry in Finland. Firm J states their strategic mindset of going international by hiring an experienced nonfamily CEO in the firm with the focus on accelerating internationalization. The growth opportunities provided by international markets have been appealing versus remaining in Finland in Firm J, as the Chairman of the Board describes by metaphor...:

"...then in the firm we just decided that do we remain as a domestic flower shop or do we try to make this also a little more international, and so we decided to take this international pathway."

...and the nonfamily CEO adds:

"...Finland is so small that a firm cannot grow significantly [...] In England there are 10.5 million target objects [original objects not presented due to anonymity], so there is over 20 times potential for the product sales."

You can also implicitly see the influence of small domestic market in the case of Firm C, who also brings up the inevitability of going international due to being a pioneer in the field:

"...if we are a manufacturer of pioneer products, I see that we have been 'forced' to do exporting [...] If we didn't do exporting actively enough, we would have just built a ready spot for some competitor..."

The remaining two case firms, Firm H and I, do not explicitly state the fundamental reasons for internationalizing. Furthermore, compared to above-mentioned case firms, on average the time from founding the firm to starting internationalization is significantly bigger, the nature of obtaining foreign deals is more sporadic, and the amount of foreign sales to total sales is smaller in these two case firms. Thus, you can implicitly see the lack of strategic orientation towards foreign markets, which is actually raised by Firm H, who acknowledges that emphasis in Finland limits attention to foreign opportunities. However, in the case of Firm I, in spite of seeming non-strategic approach to internationalization, on operational level the firm is very strategic, adopting a 'guerilla strategy' in internationalization, which will be further discussed in the chapter on the active-passive –dichotomy among firms when initiating foreign deals.

5.1.2 Geographical and Operational Expansion

The international pathways of the case firms have mainly followed the traditional Uppsala model, starting from nearby markets or culturally close markets. For six of the case firms Sweden was the first market they entered, which was seen as a natural and easy choice to start exporting due to its close proximity and similarity in terms of culture and business development. As the former long-time CEO and founder of Firm B explains:

"Sweden was our first market, because it was seen as easy, since we regarded our design as Scandinavian and also the language and circumstances were familiar..."

The CEO of Firm A adds how Sweden was developing similarly than Finland in terms of their business needs:

"We saw that Sweden is very similar market than Finland and at the same stage that the renewal of machine halls and barns in agriculture had started and a lot of money was put in there. [...] And our employee had knowledge of Sweden and Swedish language."

Among the rest of the case firms, the geographical pathways didn't start from Sweden, but you can see some conformities of Uppsala model in them as well. The first foreign markets of Firm J were Austria, Germany and Greece, but German language skills the founders possess and also the Western cultural similarity may have facilitated the entry to the Middle Europe. For Firm H the first foreign market was Austria, followed by Sweden and Canada, but as mentioned above, the relative cultural similarity despite geographical distance is present. Nowadays the main foreign markets of Firm H are located in close proximity, in Sweden and Baltic countries, mainly due to logistic reasons. The internationalization of Firm I started in the Soviet Union followed by Sweden, and as in the case of Firm H, currently the main foreign markets are located close by, in Norway, Sweden and Poland. Firm I also implies logistic reasons as one of the reasons for the structure of the international network. Finally, Firm D, who did have its first foreign market in Spain, currently has Sweden and Germany as main foreign markets.

As hinted above, the further international expansion of the case firms has generally located within the European borders or matured in a way that European countries, especially Nordic countries, Middle Europe and the Great Britain, remain as the biggest foreign markets. However, all the case firms have had exporting to or operations in other continents as well. Of the case firms, for Firm C, F, and G non-European countries are important foreign markets. Despite the first foreign markets being Sweden and Denmark, Firm F quite rapidly after these entered Chinese market, which eventually has become its biggest market alongside South Korea. For Firm C and G USA and Canada are important markets.

In line with the Uppsala model, the foreign entry mode adopted by most of the firms was and is still exporting, which requires less commitment and resources devoted. Four of the case firms have used foreign agents and the same number has used foreign dealers in their direct exporting. The division is contingent on the type of the product, the need for warehousing and effective distribution. Exporting via agents or dealers is seen as cost-efficient operation mode to enter foreign markets for the case firms, who try to cope with limited resources, as Firm D explains:

"...the financial resources are limited [...] it is very expensive game if you try to go creating some contacts by yourself [...] and that is why this agent network is the only right way, since it doesn't cost you anything until results come from there."

Of the case firms, who have used agents or dealers, Firm B, C, and D have also used indirect exporting, which however hasn't clearly preceded direct exporting as suggested by the Uppsala model, but rather has been executed alongside direct exporting. Firms C and D have manufacturing clients, who incorporate the products and applications of these firms in their own products. Firm B has another Finnish manufacturer delivering its products to Russia due to the challenging nature of the market, thus reflecting the risk-averse development of entering a foreign market suggested by the Uppsala model.

The remaining two case firms, Firm F and I, have operated in a rather different way, but also in the internationalization development of these firms you can find features of the Uppsala model. Firm F, who operates in its current markets China and South Korea via own subsidiaries and with a mix of licensing and own shops, started its internationalization in nearby Nordic markets Sweden and Denmark, albeit via own subsidiaries as well. Firm I, who nowadays operates mainly by exporting by itself or via a subsidiary in Poland and has also done licensing business in the Great Britain and USA in the past, started its internationalization indirectly via another Finnish firm, who had a subsidiary in the Soviet Union.

5.1.3 How Foreign Partners and Customers Have Been Found?

Trade fairs – their significance and insignificance. Most of the case firms have attended trade fairs to promote their internationalization and find first contacts to certain markets. Firm C achieved its first foreign deals by attending a trade fair in Sweden, where also the first dealer partnership was made. To this date trade fairs have been regularly attended to promote exports. Also for Firm B trade fairs have been important events to showcase its products, meet existing partners, and find new partners for new markets on a regular basis. The internationalization of Firm G gained momentum when the founder attended the firm's first trade fair in Germany, where he contacted a large German corporation from the same industry. The contact yielded the expansion of international network to many other European countries via this corporation. Similarly, albeit at the later stage of internationalization, Firm A reached a contact to enter Indian market via another firm, who was met in a trade fair in Dubai. At the early internationalization, Firm I attended trade fairs together with the other Finnish firm, via the subsidiary of whom Firm I entered the Soviet Union. Later on, entering the most significant foreign market Norway was a result of active and regular trade fair attendance by the CEO of the firm, where he met with key contact to build up the relationship and track emerging business opportunities. Firm H has also attended trade fairs regularly, which however are located in Finland but which foreign people also visit, thus initiating potential foreign deals. Also Firm J recalls that the trade fairs were used to promote early internationalization.

For the rest of the case firms trade fairs haven't played a significant role in their internationalization. The roots of the internationalization of Firm F were built when the founder attended seminars in Europe a lot, where she met with the future partner in China, but nowadays trade fairs are regarded as outdated channels to promote the firm's products. Firm E attended few trade fairs in USA to promote exports there, but since then trade fairs haven't been really attended. The international pathways of Firm D haven't involved trade fairs, and as Firm F states, in the opinion of Firm D the value of them to promote sales has diminished in its field.

The intermediaries – the helpful other firms and acquaintances, but not so helpful consults. As indicated earlier, all the case firms have used intermediaries in entering or operating in foreign markets, whether they are agents, dealers, or other firms. The usefulness of these partners has not been limited to the operations in the regions they operate in, but also helped expanding the international network more broadly, which was the case with the early internationalization of Firm G mentioned above. Also for Firm E the expansion of its international network at the early stage occurred with the help of another firm: Firm E had been selected to deliver a big amount of products to a big customer in Sweden, whose usage of those products in its international training sessions attracted foreign customers to buy the products for themselves as well. In the early internationalization of Firm J, a Finnish partner was able to create contacts to Europe and also elsewhere for Firm J despite going bankrupt at one point, and one particular contact in Greece yielded from that partnership has been important in expanding the international network of Firm J to non-European countries. Firm F has licensing partners in Asia, who can also export their products elsewhere, thus helping expanding the international network of Firm F.

All the case firms have also used private or governmental organizations and consults, but their significance in promoting internationalization efforts varies. Concrete results are limited. Firm B has participated in export rings, run by joint export manager, to Western Europe, Scandinavia and Japan, but only one concrete benefit from them has been the finding of the Swedish agent. Finnish consulates and embassies have been helpful. Also for Firm D one export ring yielded the finding of an agent to Germany, but otherwise the firm hasn't really used any consults or governmental organizations to promote exports elsewhere. Firm J used a consult to enter a difficult market France, but also it hasn't really used consults or governmental organizations for internationalization. Firm J did participate in a joint export project of a Finnish governmental export promotion organization to Saudi-Arabia, which didn't lead to anything other than to conversations with other Finnish suppliers, who had foothold in Russia, which in turn yielded some experiments to Russia and even being represented in a trade fair in Moscow, but then the crisis in Ukraine and other consequent issues shut down the efforts.

In general, the value of consulting partners has been seen as small or nonexistent. Firm C acknowledges that some consulting projects and events have been participated in, but they have not been beneficial. For example, when planning on starting exporting, the consults stated to Firm C that there are no foreign markets for its products, but the CEO of the firm didn't believe them and attended a trade fair in Sweden, which then triggered more extensive internationalization. Investing in the activity of own sales people has always been profitable:

"No consulting project has been profitable for us, but almost every action of hiring export persons and buying flight tickets for them has been profitable. [...] We ourselves have been more efficient to contact customers and thereby obtain very small deals first and then moved forward."

Firm F has used governmental consults for surveys, for example, to Russia and Japan but without results. In the opinion of the firm governmental export promotion efforts and resources should be directed more to smaller group of firms to organize one-to-one meetings in the target countries instead of creating strategies; the time of creating strategies comes when the right partner has been found. Firm F also criticizes these consults for inefficiency in terms of time frame:

"We had been doing the project [to Japan] for a year and a half, and then a comment came from there [Finnish governmental export promotion organization] that we are in the early stage of the project. If a year and a half has passed in business life, we cannot be in the early stage of the project."

Firm G has used a Finnish consulting firm to Russia and Romania, the projects of which yielded some contacts but not for longer term. The firm is generally unhappy with consults because of the lack of long-term orientation to really develop the relationships in the foreign markets until actual deals are made. As with Firm C, Firm G also has been more successful by itself alone, although the firm acknowledges that in the early stages, when the first international steps were made, there was probably some help from a Finnish governmental export promotion organization. Furthermore, consults can provide language and other knowledge to go through cultural barriers, and since Firm G's organization is quite flat with limited resources, consults are sometimes utilized. Firm H provides similar feelings: although using consults and participating in export rings haven't resulted in a significant number of foreign deals, the firm believes that it doesn't hurt to participate in those since there might come something after some time, which just requires patience. Also similarly as in the case of Firm G, the first foreign market of Firm H was reached with the help of a Finnish governmental export promotion organization. Mixed views are also present in the answers of Firm I and J: Firm I has had bad experiences with using temporary export managers to Norway, but praises the consult of a Finnish governmental export promotion organization in USA for opening up the market, while Firm J regards governmental consults as inefficient, but has some good experience with private and specialized consults, e.g. for promoting entry to England.

In addition to partner and consulting firms, in the international pathways acquaintances can be highlighted as intermediaries, which have been critical for few of the case firms. Firm B found an agent to Germany via acquaintance and Firm G refers to the importance of word-of-mouth and talks about 'acquaintances of acquaintances', who have provided connections to USA, Germany and many other countries. Also Firm F emphasizes the importance of acquaintances, such as fellow students, whose knowledge and contacts can be utilized especially when speaking of more exotic markets.

Active versus passive approach to initiate internationalization. Nearly all the case firms explicitly or implicitly state the small market in Finland as fundamental strategic reason to internationalize, as was highlighted in Chapter 5.1.1., but moving on to more operational level, there is more variation with regard to how active they have actually been to promote internationalization. Based on the answers of the case firms you can find that the group is somewhat divided in half on both sides whether the firms have been active or passive in initiating foreign deals and relationships. On the active side there are Firm C, who was mentioned earlier about the efficiency of their own contacting instead of using consults, and Firm I, whose CEO's persistence and activity in building relationships to Norway over many years was highlighted earlier as well. Also the personal activity of the CEO of Firm C was evident when trying to trigger early internationalization, as the firm got around different places by car in the Middle Europe, demonstrating its products from door to door with poor language skills and having to do various customs declarations. The CEO of Firm C emphasizes active grassroots level contacting of their own:

"I had a principle that I have to open at least 15 customer doors in a day when I am abroad [...] Customer contacting has been done very much there [abroad], because when speaking of these international trade fairs, they are just a period of week in a year – there are 51 other weeks in a year when we do export work."

Firm I is also active, whose CEO raises term 'guerilla strategy in internationalization', according to which the firm, due to limited resources, does active screening of potential opportunities without committing a vast amount of resources, and when appealing cases are tracked, they are tackled. The CEO explains this via analogy:

"If you think about Finnish remote patrol men, who go across the border, examine the situations, and have a plan that OK, there and there are places that can be blown up, let's go check the situation."

Also firms B, F, and J can be seen as active in essence, who however also imply the existence of passive or reactive approach to internationalization. Although Firm B has been active in attending trade fairs, building up the foreign relationships and has followed a clear strategic road map in its internationalization, it hasn't always been that strategic in a sense that if Firm B has come across with a good potential partner and has started partnership with it, there hasn't been that much systematic or proactive approach but rather intuitive utilization of emerging opportunities. On one hand Firm F has also been active in creating markets through strategic mindset, persistent relationship building and regular seminar attendance in the early stage of internationalization, but on the other hand entries to their biggest markets have been triggered by coincidentally reading a newspaper and meeting the future partner in a seminar (China) or by the initiative of one of the firm's suppliers (South Korea). At the very start of searching contacts in the internationalization of Firm J, the firm's own effort was rather passive, since the contacting was partner-driven, but since the end of this partnership the firm has been more proactive and systematic by itself, e.g. by attending trade fairs and organizing consulting and teaching sessions regarding its products. However, Firm J also acknowledges both sides: it approaches potential partners, but it is also approached by them.

The internationalization of Firm A long was rather reactive without much strategy and planning that if someone approached the firm from foreign markets, the firm tried out the market. Even today often Firm A is contacted and not other way round, but during the past few years Firm A itself has started to be more proactive in contacting and finding new partners, for example via trade fairs. In the case of Firm G the development has been opposite, as the founder of the firm used to be active in finding contacts in order to trigger early internationalization, but in recent years the firm has been rather reactive and passive; if some opportunities are hinted and arise, they are more closely examined. Rather passive approach has been partially influenced by the disappointments in Russia and Romania to which money and time was devoted.

The remaining three case firms – D, E, and H – can be categorized as having had a relatively reactive or passive approach to internationalization. When asking about the degree of strategic nature in internationalization, the CEO of Firm D draws the line on around the middle of the scale, referring to the inevitability of internationalization due to small Finnish market but also to the lack of concrete strategies. Firm D achieved deals to its first foreign market Spain without much of effort and any initial sales promotion made but reactively responding to the inquiry and the needs of the agent. Passive approach has remained since then, and for example, the CEO hasn't done any foreign trips but managed everything via email and phone when building the agent network. Firm E emphasizes the influence of limited resources to do marketing, and usually all has started when someone has seen the product somewhere and then contacted the firm. Finally, Firm H hasn't been active in contacting due to sporadic foreign opportunities; firms and partners contact when they happen to have some potential projects to offer, and then the firm provides offers back. Only the past two years have been more determined when the firm has targeted Russian market again and hired a Russian-speaking person to promote it, but these efforts haven't led to much due to Russia's internal problems.

"Give coincidences a chance." An interesting observation from the data is the significance of coincidences in internationalization, which is explicitly or implicitly raised by five case firms. More interestingly, three of these case firms – firms B, F, and I – were placed in the category of active internationalization above. Thus, coincidences don't just apply to those firms on the passive side, who might wait for coincidental miracles to trigger international deals, but also exist in the more strategic and focused international pathways of active firms.

In the case of Firm B, when attending the world's greatest trade fair in its field in Italy, a big Italian manufacturer wanted Firm B's products to be used in its stand. When Firm B's products got showcased in a better location, a lot of people got interested in them, yielding visits to Firm B's own stand and consequently to many deals and other things. The case of Firm F was already highlighted earlier, how for example going to China didn't have a strong strategy behind it, but rather it happened through coincidences, reading about emerging opportunities in the field in China from the newspaper and coincidentally meeting a Chinese person in a seminar, who would become the key person in establishing and running a subsidiary in China and building successfully the market for the firm. Firm I in turn was able to get one of its side products to market through a set of coincidences, one of and the most crucial of which was when a big contract was made in a trade fair in Moscow on a napkin while drunk. Furthermore, the big multiyear deal to Norway wouldn't have occurred if the

CEO of Firm I hadn't coincidentally met a guy in Norway. With this guy he became good friends, never did any deals but met regularly in trade fairs and on other occasions, and after persistent maintenance of relationships, on the 10th year of promotion the guy hinted that there would be now a very potential deal available in Norway.

On the passive side, firms E and H state how nearly all the foreign deals and partnerships have happened through coincidences. The significance of coincidences is especially emphasized by Firm E, in respect of whom the importance of the Swedish partner and its usage of Firm E's products was earlier highlighted as this partner expanded Firm E's international network without much effort from Firm E itself. In addition to attaching the significance of coincidence to the case with the Swedish partner, the CEO of Firm E has also other examples of coincidences, such as internationalization to Malaysia. To Malaysia, where a huge amount of products was ordered, happened as a spin-off of attending a trade fair in USA: two guys had been playing golf after the trade fair, and one of the guys heard about the products. Some time after that a tender came from Malaysia, and to this date there have been exports every now and then, bigger and smaller amounts. The CEO of Firm E concludes:

"Well of course, if you have resources, it [internationalization] can be done by the book, but I would generally say that give coincidences a chance."

Challenges. Most case firms find limited resources and finding contacts the biggest challenges regarding internationalization. Seven case firms explicitly or implicitly state that finding contacts, customers and partners is a challenge, considering that they are regarded as crucial to the success in foreign markets. For example, Firm F emphasizes the importance of the first person you hire in a foreign market, together with whom you either succeed or fall. Firm A in turn links the challenge of finding suitable partner and customers to the fact that the products Firm A manufactures belong to a quite niche market. Firm D states the challenge of finding the right partner, who could also manage to get one or two potential project in a short term, in which Firm D could get involved. Firm J sees finding right contacts as a big challenge especially for a newcomer:

"So you are a new firm who has a new product, one of the first challenges is that nobody knows us and we don't know anybody [...] The first challenge is to be able to create right contacts, via whom you get to discuss with the right and potential partners [...] It is work of many years [...] and certainly there comes misses also, sometimes comes wrong contacts, and time is wasted to wrong things."

Limited resources pose a second major challenge, pointed out by six case firms. Firm E highlights the lack of financial resources and time, which has forced to do things remotely. If there had been more resources, the firm would have devoted more time to visit foreign dealer partners and end customers to promote and consult about the products. Firm C has a similar view in terms of limited time;

despite the firm has an excellent sales team, they don't want to spend a year in a foreign market, but you should be present in the foreign markets to really develop them and find new contacts. Lack of financial resources is also highlighted by Firm F, who finds it hard to get finance from banks, and also by Firm G, who worries the sufficiency of market budgets.

In addition to finding right contacts and limited resources, cultural differences can be highlighted as influential challenges, which was evident in the answers of five case firms. Firm G states how understanding different cultures and markets is challenging, while Firm A acknowledges that the firm always has to learn something new regarding a new market despite a long exporting history; for example, what works in Finland doesn't work in India or in China. Similarly, Firm B talks about different business cultures and how some strategy will work in some market but not in others. Cultural differences reflect to operational issues. Firm J finds it challenging to deal with local differences in terms of laws, market dynamics, pricing, and value chain among other things when positioning the products' pathways to foreign markets. Cultural differences are also related to finding right contacts. For example, Firm A has tried to enter Russian market for almost ten years, but hasn't found a suitable partner. Firm B in turn used to have difficulties in finding right partners to enter GCC-countries. Firm F, who emphasizes the importance of first persons you hire in a foreign market, tells that they use only local employees in their foreign markets, which diminishes the significance of cultural differences.

5.1.4 Summary of International Pathways

To sum up the general findings on the international pathways of the case firms, the case firms have tended to start their internationalization from nearby or culturally close locations, using low-commitment entry modes, such as agents, dealers and indirect exporting, which is in accordance with the Uppsala model. However, with regard to most case firms, global mindset has been present as they have expanded to farther locations rather quickly and extensively without following step-by-step progression according to the Uppsala model in the long run. Most case firms have been motivated to go international after realizing the smallness of domestic markets. The results on the degree of strategic nature and determination of going international can be reflected to the activity in actually initiating and promoting foreign deals to happen; those firms having strong internationalization mindset and clear roadmaps are also proactive in identifying international opportunities and contacting foreign partners and customers. However, among the active ones there is also passive or reactive approach, i.e. they are approached from the foreign markets related to potential deals. Coincidental chains of events and meetings have been significant for many case firms in initiating foreign deals for both internationally active and passive case firms, which reinforces not only the coexistence of both 'inbound' and 'outbound' approach to internationalization but also the above-mentioned notion on the tendency of case firms to 'derogate' from the step-by-step, Uppsala-model based internationalization, and sometimes rapidly internationalize more globally.

The results indicate the applicability of network view on the internationalization process of the case firms. Finding right, competent contacts from early on, and limited resources are the biggest challenges to overcome in internationalization, which emphasizes the importance of fruitful networks to resolve these challenges. Foreign partners and acquaintances have been helpful in both helping the firms to build the network in the host market but also expanding the network to other markets. About other platforms and intermediaries used for internationalization and used by all the case firms, the significance of trade fairs in promoting internationalization has been varied and the usefulness of consults has not really been high. However, they have had some specific benefits. Although trade fairs have been rather outdated platforms for some case firms, they have been generally rather fruitful places to meet first contacts and build initial foreign networks during the early internationalization. Although using consults hasn't really yielded long-term network development and results in foreign markets, they have been helpful for some in opening up markets to culturally different and other challenging markets; cultural differences are the third biggest challenges among the case firms.

5.2 Characteristics and Management of the Network Relationships

Previously it was concluded that the network view applies to examining the international pathways of the case firms. For example, the biggest challenge among the case firms was finding right contacts for internationalization. Thus, it is relevant to examine more closely, what kinds of network ties the case firms have had, how strong they are, what qualities are expected from the foreign partners, and how these network relationships are managed.

5.2.1 Formality and Strength of the Network Ties

For all the case firms the relationships with foreign partners and customers can be primarily regarded as formal, involving business transactions between the case firms and agents, dealers and other actors. In addition, all the case firms have had intermediary ties, e.g. using governmental consulting firms to build bridges to foreign markets, but as discussed earlier, their significance varies. Informal ties per se, referring to ties with friends and family members, haven't been evident in building international network. However, for five of the case firms, the formal ties they have can also be seen as informal due to their family nature, which will be further discussed later.

The case firms were asked about the strength of foreign ties, referring to how close, committed and trustworthy relationships they have wanted to build with their foreign partners. All the case firms regard the ties to foreign partners as mainly strong, and mostly the ties have been strong from the beginning of starting the partnership. They are also mainly long-term, with the exception of Firm J, whose longevity of ties cannot be really examined due to the firm's young age. Strong ties are associated with certain qualities of the partner, such as trustworthiness and similar values. As a matter of fact, five of the case firms indicate the importance that the partner is also an FB or the relationship is family-like, which facilitates interaction. All Firm A's foreign partners are also FBs, and despite the changes in the partners' personnel due to successions over the years, the relationships have been mainly strong and long-term, based on mutual trust, similar values and way of thinking. Firm G has had long-time relationships to its key markets in Sweden, Great Britain and USA, of which Swedish and British agent firms are FBs. The relationships have also been strong continually. Firm G states that cooperation works best and cultural differences don't affect that much when the foreign partner or customer is also an FB. Firm J states how its important partner in Greece is also an FB and also many other foreign partners are person-owned, which is sought for when selecting foreign partners. Firm B doesn't explicitly state the FB status of their foreign partners, but implies that and overall family nature of the network, which becomes evident in the following summary compiled from its interview answers:

"The relationship with the Swedish agent, who has now been around 15 years as an agent for the firm, was rather professional and not so strong in the beginning, but now it is very strong. The Swedish are very talkative and friendly, and when you spend time with the agent in trade fairs for longer periods and you have to be interacting, you talk about every stuff from business-related to family- and hobby-related stuff, so the relationship becomes closer. And this agent's wife and children have been around in trade fairs, so it has become pretty tight and close relationship. The same trend was in Germany, where there was this Finnish woman as an agent, with whom the founder of Firm B was a kind of friend. This woman represented Firm B until her retirement. Generally speaking, many agent relationships are rather pally relationships; e.g., they have dinners together when they meet at trade fairs and other events, the agents back up Firm B and report about possible copiers etc. Firm B wants to create a sort of "Firm B family" with its foreign partners."

The 'familiness' of network relationships in the case of Firm A, B, G and J suggest that the formal ties they have in principle can be also regarded as somewhat informal. Informality of relationships can also be seen in the case of Firm F, who operates mainly via own subsidiaries in foreign markets. With the key persons running the subsidiaries in China and South Korea Firm F has had strong and long-time relationships based on trust. The Area Manager of South Korea, who was also interviewed, feels that he is like part of family and also sees the relationship strong on his opinion.

For some case firms, however, there is more variation on the strength of ties, although they lean towards the strong side in general. For example, Firm C, who operates via multiple and different types of partners, has ties from weak to strong:

CEO: "Due to multi-channel approach, Firm C has a big number of foreign dealers and customers. Thus, in terms of the scale on the strength of the relationships, there are relationships from weak to strong. Firm C wants to be loyal to everyone, which also means that there is not extra social activity and interaction with the best partners; relationships are mainly business-related, so that everyone is at the same line. There are some best dealers who have been in partnership with Firm C for around 20 years, but Firm C doesn't want to commit strongly to just certain actors, which could prevent from having other relationships in line with the multi-channel approach. Continuity is however appreciated."

Sales Manager's partially diverging views: "They want to have relationships where there is strong trust and which are close, but there are dealers who just want to sell Firm C's products when they ask and not to build the market together. Due to this it is important to identify different kinds of dealers, and to those who are willing to be more in close partnership with Firm C and build up the market, they are invested in, and with others Firm C just wants to develop the relationship warmer. There are really not relationships that start with weak relationship, but there are market-specific differences."

Like for Firm C, also for Firm D the relationships with foreign agents are business relationships in principle; sometimes if they meet there might be some social interaction outside the work matters, but generally just business-related interaction. However, relationships to the foreign agents range from somewhat strong to almost very strong. In terms of having both weak and strong relationships, Firms H and I belong to the same category alongside Firm C. Firm H's relationship to the first partner in Sweden, who couple of years ago quit due to age and sold the business, was the most long-term, close and committed, but for example to Lithuania the relationship isn't that deep due to sporadic exports.

Earlier regarding the activity in initiating foreign deals and internationalization, it was discovered that the case firms are somewhat divided in half on the active and passive side. Despite the case firms define their network relationships generally rather strong, the active or passive approach to going international correlates with the activity in managing the existing relationships. For example, those who are active in initiating internationalization are also rather active in communicating with foreign partners and maintaining the relationships. Firm F, who actively pursued internationalization in the 1990s to Nordic countries and China and in the 2000s to South Korea, has also been active in managing the relationships. Firm F is in constant contact with the managers in China and South Korea, they meet physically many times in a year, guests are invited in the summer cottage of the family in Finland and so on. Taking care of the contacts is essential, and it is more important to hold on to a good partner rather than constantly do competitive bidding. Firm I, who actively pursued

Norway's market, nowadays has an active interaction there from daily (technical issues) to monthly (CEO level) basis. Firm B, who has had clear strategic internationalization road map and active execution of it, and Firm C, who has been active in creating international markets due to pioneer status, can also been seen as active in managing network relationships. Firm B, whose active use of trade fairs in meeting partners and strong relationships of reciprocal help were discussed earlier, implies that just like in Firm F, taking care of the partners is important. However, since Firm B has a huge amount of retailers in foreign markets, the firm doesn't have time to be in active contact to them, and the communication is limited to the foreign agents, who then are responsible of maintaining the relationship with the respective retailers in their markets. Firm C, who does admit that foreign partners are the main functions to execute the end customer markets, has an active supporting role in creating awareness and interest in the products and helping the partners to do their job as well as possible. Although Firm C doesn't do active social interaction with the foreign partners due to multi-channel approach and being loyal to all kinds of partners, there is active business-related supporting for them.

Speaking of the freedom and responsibility of the partners to manage and develop the foreign market, which is present in the 'active' cases of Firm B and C above, leaving the partner 'alone' to do its job is more present regarding the case firms, who rather passively manage the network relationships. For example, Firm D, who was earlier mentioned as being rather reactive in initiating first foreign deals and passive in building the international network, is also passive in managing the current network. Foreign agents are responsible to manage and create the respective markets through their competence and networks, and only when actual deals are made between the agent and the end customer, the CEO of Firm D travels. The importance of face-to-face contacts is acknowledged, but the communication happens mainly via Internet, email and phone. A very revealing comment on the excellent quality of a partner in Spain tells about 'necessary' communication Firm D desires:

"[The agent in Spain] doesn't load down with useless inquiries [...] then there is the extreme end that someone constantly asks everything [...] it brings about unnecessary work."

Firm E, whose approach to promoting internationalization has been rather passive due to limited resources, is also passive in terms of managing relationships to existing partners and emphasizes the responsible role of the partners themselves. The order opportunities usually come via public procurement, and Firm E has partners around Europe who respond to the tenders and make offers. Firm E just charges the deliveries of the products to the dealers, who then do sales and marketing by themselves with their own money to the end customers. There is quite little communication and interaction between the firm and the partners, mainly just regarding the orders and deliveries when they occur. Firm E hasn't done any trips to foreign markets recently to meet customers. It does state that it would like to be more active and build closer relationships, but resources limit. The firm has established Facebook pages and improved its home pages to have its end customers to visit the sites and thus have better chance to interact with the firm. Firm G, who used to be active in promoting internationalization in the early years but recently has become more passive, states that the communication to foreign partner mainly happens via email, in urgent matter by phone, but in general the agents are given the main responsibility for promoting the products as they want and Firm G doesn't really do active consultation and promotion to that direction, except providing some marketing materials. Like Firm E, Firm G however admits that there should be more personal meetings, e.g. via trade fairs. The communication of passively internationalized Firm H is weekly to its main foreign market Sweden, but otherwise rather quiet. However, Firm H also admits that it could be in closer contact to foreign partners to promote sales.

5.2.2 Criteria for and Characteristics of a Partner

There are five criteria or characteristics for foreign partners and network relationships that are mentioned by most of the case firms: existing networks and channels, trustworthiness, experience and knowledge, similarity to the case firm in terms of size, portfolio and identity, and finally activity. First, existing networks, customer base and channels into which products can be put are important attributes of a partner so that the entry to the market is efficient. Firm J states that it wouldn't hurt that the partner has some network already established or muscles to build and manage that, because the firm itself is small and unable to build the distribution network by itself. For example, the Greek partner helps Firm J to get access to countries outside EU without the firm having to commit resources and build everything regarding the order-supply chain from scratch. Firm D seeks for agents who have existing network and can create long-term relationships with the customers. It is important that the foreign agents have credibility and know right contacts at the customer interface, so that they can promote the sales. The agents should be sort of guides to help Firm D with local customs and business culture and tell where to direct attention. In line with Firm D, Firm E also states that the partner must have good contacts in the field, know the people, and be able to get involved. Firm F also emphasizes the importance of existing networks and states how the Chinese manager running the subsidiary in China has good networks to the Finnish embassy and other Finnish firms in China and is very well known there.

It is not just about existing network in general but also about the type of the networks, which is most fruitful for the case firms if the partner firm is similar in terms of size and has a product portfolio into which the products of the case firms fit. Firm G states that optimal foreign partner is not too big, into the portfolio of which Firm G's products would disappear, but rather of size than Firm G itself. The German corporation, who had a significant role in expanding the international network of the firm at the early stage, turned out to be too big partner, and as a matter of fact, it dropped Firm G's products from its portfolio eventually. In Spain, where they are dependent on Firm G's products and have motivation to sell them, is an example of a good partner. The Chairman of the Board and current CEO describe:

Chairman of the Board: "When they [big partners] have ten million products in their repertoire, and with our products only ten more lines are added to the number of ten million, you cannot find anything there."

CEO: "We seek for hungry, smallish firm that is eager to grow and operates in right markets. For our products the right channels should be pretty much familiar. If we sought for too big, leading [actor] covering the whole region or market, it could be wrong solution for us. [...] Small actor cannot be interesting enough for a big, hungry firm."

Similar views are provided by Firm J, who leans towards favoring a similar firm with a suitable portfolio as a partner, but there are trade-offs with both extremes, as the following summary compiled from its interview answers reveals:

"The products must fit the portfolio and strategy of the partner and don't fight against and supersede existing products, so that the products are seen as providing added value and is appealing to be sold and marketed effectively. It shouldn't be too big or too small, depending on the situation, because too big may have too large portfolio already into which the firm's own products vanish and may also exploit the firm by using its resources to build similar products after stealing information from the firm, but on the other hand very small may not have enough resources, experience, and expertise to promote the distribution of the firm's products with its limited portfolio and reach. [...] Thus far, an optimal partner seems to be a kind of 'new challenger', who is willing to challenge the market with new innovative products."

Firm C also seeks for dealers of similar small size and field, into portfolio of whom the products of Firm C fit, and dealers with existing customer base via whom to start promoting the products. Some very big dealer would of course be nice, but it wouldn't probably be as eager to put focus on the promotion of Firm C's products and building the market, and Firm C's products need that still quite much. Firm D also highlights the importance of similar size and not too big portfolio, which is a win-win situation for both Firm D and the partner, as the summary of the answers of the CEO crystallizes:

"The foreign agents should not have too big but smaller amount of agencies and products in their portfolio. Although the portfolio should be quite limited, there should be enough products, so that the agents are in constant contact with the customers. Sufficient portfolio provides new contacts for Firm D, but also is beneficial for the agent itself, since it is not then too dependent on only, say Firm D's products, which ensures continuity for the agent's existence."

Similar to Firm D, Firm E emphasizes the partner's ability to add other products alongside the firm's products. Firm E operates in the field, where the customers order a full set of equipment, and when Firm E just provides one piece of equipment to that set, the partner dealer should have other pieces as well in its portfolio in order to sell the packages to the end customers.

Similarity is also important in terms of the people of the partner firm and the firm's identity. Earlier it was mentioned how at least five of the case firms have more or less FBs as foreign partners or family-like relationships, the cooperation with whom is fruitful due to similar values and practices. It is also important to share common interest in the products. Firm B emphasizes that the people in the partner firm are similar than the people in Firm B and believe in the design and products of Firm B. The selection of partners is guided by intuition and the image of the persons. For example, when choosing an agent to Austria there were two maybe more competent and experienced persons available than the Finnish woman who was eventually chosen by intuition basically. This woman had some troubles in the beginning, but now she is an excellent agent. Firm F states that one of the biggest challenges in international networking is to find the right partner who reflects Firm F's identity, is ready to work closely, is qualified and committed. Thus far Firm F has succeeded in this respect.

When speaking of the strength of the network relationships earlier, the importance and existence of trust in the relationships was mentioned. Trustworthiness is something most case firms mention to expect from the foreign partner. For example, Firm H emphasizes that you really have to know the partner you are considering starting partnership and closely monitor whether the partner is trustworthy. Similarly, open and trustworthy relationships are what Firm B desires to have, and this can be achieved by really understanding the partner. For example, in USA the CEO of Firm B has been invited to the importer's home many times, so it is interaction not just in the context of business-related matters but also in other matters so that you really know the persons you are dealing with. In Japan it has demanded more effort to build up the relationship and trust through meetings and conversations, but Firm B has been able to build a strong tie to the importer partner there.

Closely linked to the importance of existing networks and channels, experience and knowledge are highlighted by most case firms. Experience and knowledge of the products, channels and industry in general facilitate the promotion of the products of the case firms, thus making success in the foreign markets more likely. Firm E states that the foreign partner should become familiar with its product and know its technical specifications, so that arguments and explanations can be provided for the customer. Firm I also highlights product knowledge, referring to an unsuccessful partner in Sweden:

"[The foreign partner should possess] product knowledge that if you have sold plastic buckets in Sweden and suddenly you have a product or system to be sold, you'd better have little understanding about what's going on [...] The client also quickly realizes that this doesn't know what he or she is talking about."

In terms of experience, Firm D praises the agent in Germany, who has strong background in the industry and has been able to get Firm D into the projects of a big player in the market. Firm J, whose statements on the pros and cons of big and small partners was earlier mentioned, brings up the challenge of inexperience regarding the Swedish partner; the relationship with the partner is good and open, but due to the partner's lack of resources and newness of channels the firms together have to learn how to break through. Similarly, Firm C states that if it is a new dealer in the field, there are possibilities for partnership, but that requires harder work and determination. For Firm A experience is not mandatory, but acknowledges the benefits of having operated in the field and market for long time.

The final characteristic of a partner desired by most case firms is activity. Firm C emphasizes that foreign dealer should be active, which is pushed by the fact that Firm C doesn't give exclusive right to sell in a region, due to which those dealers remain who believe in themselves and their ability to sell even with competition. Firm D also expects the foreign partners to be active in tracking potential projects to get in. The partner in Sweden, for example, is active in visiting different factories and gathering information about potential projects. Firm F has managers in their subsidiaries in China and South Korea, whose work efficiency and result orientation are very high. The CEO of Firm F also reflects the activity of their foreign people to the situation in Finland:

"We have had [employees] up to over 40, almost 50 in Finland. We are now 15, so we have learned that it is not profitable to work here, which is sad. If I ask the Area Manager in South Korea and say that now we roll up the sleeves, goddamn he rolls up the sleeves."

5.2.3 Summary of Network Relationships

In principle, the network relationships of the case firms are formal, business-related relationships, but at least for five case firms, who have FB partners or otherwise family-like relationships in terms of proximity and reciprocity, these relationships can be regarded as informal as well. Whether the relationships are more formal or informal, all the case firms in general have and pursue to generate strong ties to the partners that are long-term and trustworthy. The relationships have usually ended due to other reasons than dissatisfaction, such as due to succession or ending the business after retirement.

Pursuing strong ties doesn't however mean that everyone is active in maintaining and developing the relationships. It is noted that active or passive approach to going international reflects to the same activity level in managing the established relationships. For the active ones taking care of the partners is important, but for the more passive ones leaving the partner 'alone' to do its job is more present. However, there is acknowledgment among the more passive ones that there should be more interaction with the partners.

Five main criteria or characteristics for foreign partners and network relationships were identified: existing networks and channels, trustworthiness, experience and knowledge, similarity to the case firm in terms of size, portfolio and identity, and finally activity. In line with network view, these criteria or characteristics indicate how the case firms want competent partners who can extend the international network of the firms through their contacts, knowledge, experience and activity. The competence of a partner however is not the only characteristic desired, but the structure and identity also matter. Partners of similar size, product portfolio and identity are sought for, which indicates that cooperation with similar partners is more efficient and trustworthy. This is supported by the fact that at least five of the case firms have more or less FBs as foreign partners or family-like relationships with the partners.

5.3 Being an FB in Internationalization

The case firms were asked whether they see value in being an FB in international markets, bring up the FB status as a marketing factor, and in general see connection between being an FB and certain type of internationalization. Next the subjective opinions of the case firms on these issues are presented, after which in the discussion part the issues are examined along with the results obtained earlier and the SEW statuses of the case firms.

5.3.1 Importance of Being an FB in International Markets

Seven of the case firms see at least some value in being an FB in international markets. As mentioned earlier, five of the case firms have more or less FBs working as partners in foreign markets or family-like relationships, which is seen as beneficial for the cooperation. These firms also see their FB status rather important. Firm A, who has just FBs as foreign partners, sees it important that Firm A itself is also an FB, making the interaction closer. FB status is also brought up as a marketing factor. For example, the partner in India said that they do business only with FBs (and in India the amount of FBs of all the firms is 98 per cent), so also in this sense having FB status enhances establishing international partnerships. Firm B, for whom building family-like relationships with foreign partners is important, believes that being an FB provides a positive, different image in international markets, which is beneficial for internationalization. Firm G, whose agent partners are also FBs in the key markets, similarly states that being an FB, despite some weaknesses, has its value in foreign market, since it provides the image of trustworthy, long-term and stable partner; the firm has brought up the fact that the FB has existed for 50 years for this reason. There is rather good mutual understanding between Firm G and the FB partners; e.g., owners are more involved in the business and they can be contacted easier when key decisions are made.

Firms H and J, who also have many or significant foreign partners and customers as FBs, provide mixed views on the importance of being an FB, but they lean towards seeing it valuable. The CEO of Firm H states that bringing up the FB status as a marketing factor is not so important, and foreign partners are aware of the status anyway. However, he admits that it wouldn't be bad to bring it up, since being an FB gives the image of a trustworthy firm, who serves the customers as well as possible regardless of the time of the day. The Chairman of the Board in Firm H, the father of CEO, more positively states that bringing up FB status internationally is important; for example, in Germany and Austria it is appreciated. In Firm J, the Chairman of the Board doesn't see FB status as having important marketing value but the nonfamily CEO does, as he states how foreign partners value the fact that the owners and founders are actively developing their innovations in the firm and have financed the firm.

Among the rest five case firms, who don't bring up the possible FB status of their foreign partners, the importance of being an FB in international markets is not really regarded as high except in Firm I, for whom FB image is important and is brought up in foreign markets. In Firm C, FB status hasn't really been emphasized in the international markets. The founder and CEO presents himself as a CEO, not as a biggest owner, because he wants to deliver the image of the firm as a competent manufacturer in the field as a humble employee, not as an owner of an FB. Of course when, for example, training is organized for the foreign dealers, ownership issues are brought up, but never when starting a customer relationship. The Sales Manager of Firm C, the CEO's daughter, however says that they bring up the FB status if they are dealing with an FB but not with, for example, a big manufacturing firm. Firm E does bring up the fact that it is an FB in foreign markets, but there is not much value seen in that. However, being an FB, which is more person-centric entrepreneurship, provides a face for the business compared to faceless large corporations. Firms D and F don't bring up the FB status internationally as a marketing factor and don't see value in it; e.g., in the opinion of Firm F bringing the fact of coming from Finland is important.

5.3.2 Connection between Being an FB and Certain Way of Internationalizing

Despite most case firms see value in being an FB in international markets and bring the FB status up in marketing, the case firms in general don't see connection between having an FB status and how they have internationalized. Rather, internationalization is associated with the size of the firm and limited resources. For example, Firm D states that internationalization is not cheap, and thus it has utilized foreign agents due to their cost-effectiveness. Firm F doesn't see that there is much significance whether you are FB or not when it comes to internationalization pathways; rather it is the size that matters, as larger firms are more able to determine their pathways and use resources, but smaller firms have to be more careful. Firm G sees that being part of a bigger firm would help getting better resources and contacts for internationalization. Firm I states that in the early stage being a small FB has its advantages, since innovative ideas can arise and be implemented effectively in a small FB, but after that, due to limited resources, taking the next step is hard and thus there should be more networking within Finnish FBs to combine forces to capitalize on international opportunities.

Long-term orientation, persistence, growth orientation and relying on your own approach are also mentioned. Firm B ponders that if the firm had been in external ownership it wouldn't have been so persistent even through difficult times. Firm A thinks that maybe FBs are slower to internationalize than result-oriented and quarter-by-quarter living firms. In this, however, FBs' long-term orientation and risk-averse nature create security. Firm C sees that if the firm had been in external ownership, internationalization would have probably been executed by the textbook, having one dealer in one region, but as an FB, with a coherent mindset, the firm has hold on to its multi-dealer, multi-channel approach. Firm E sees association with growth orientation: since the Firm E is an FB and thus the identification between the CEO-owner and the business is rather strong, there is intrinsic attitude and will to grow, which has fueled internationalization.

Firm J states that being an FB affects the selection and development of foreign partner relationships; partner network mostly consists of not-so-big, person-owned and -run firms who share mutual trust and long-term orientation. Although Firm J is the only one to explicitly state that it tries to select similar firms as partners in the foreign markets, this can be linked to many other case firms as well, since the importance of FB status and/or having FBs as foreign partners are evident in a significant number of case firms as noted earlier. For example, Firm A has only FBs as foreign partners, and while the firm doesn't explicitly state that this has been pursued, there might be a more or less unconscious trend towards selecting these, since Firm A itself values being an FB.

5.3.3 Summary of Being an FB and Internationalization

Most case firms see FB status important in foreign markets, which is not limited to just those five case firms who explicitly state the existence of FB partners and family-like relationships with foreign partners. As discussed already in the chapter on network relationships, attributes related to the distinctive image of an FB are trustworthiness and long-term orientation, which are regarded as beneficial for internationalization and international marketing.

In spite of appreciating the FB status in internationalization, the case firms in general don't see association between being an FB and certain way of internationalizing. While family-related attributes, such as long-term orientation, persistence and risk-averse nature, affect the internationalization process and the

FB status might make them select similar foreign partners, size and resources have greater impact in the end. Thus, in this sense, the case firms are firms among others, in which family-related factors might be secondary.

6 DISCUSSION

In this discussion part the results are reflected to the research questions more directly, taking also into account the earlier literature and how it on one hand supports the findings and how on the other hand the findings of this study contribute to the field and provide new insights. Furthermore, in this part the role of SEW is more closely examined, whether it has connection to the results of the study.

6.1 How Family-Controlled SMEs Build Their International Networks?

To sum up the main characteristics that stood out from the case data as regards the way the case firms internationalized, the international pathways mainly followed the Uppsala model, in which low-commitment entry modes and trade fairs were utilized especially at the early stage and which were characterized by the challenges of finding the right contacts and limited resources. The internationalization of most case firms started from nearby markets, and most case firms have used indirect exporting, agents or dealers when entering and operating in foreign markets. These findings related to the Uppsala model also align with the earlier research, which has provided evidence on the FBs' preference to choose culturally and geographically close markets and entering them via low-commitment and low-risk entry modes, such as indirect exporting (see e.g., Kontinen & Ojala, 2010b; Graves & Thomas, 2008; Olivares-Mesa & Cabrera-Suarez, 2006). Earlier research findings state that risk-averse FBs tend to focus on the domestic market and internationalize slowly to more psychically distant markets (Kontinen & Ojala, 2010b; Cesinger et al., 2014; Gomez-Mejia et al., 2010; Thomas & Graves, 2005), making the total number of foreign markets small (Larimo, 2013; Lin, 2012; Zahra, 2003). However, despite starting from nearby and psychically close markets in general, many case firms have established an international network covering many countries from all around the world, accelerated by the fact that the Finnish market is too small. Furthermore, half of the case firms state that cultural differences don't really matter in internationalization. This implies that FBs, in this era of accelerating globalization and the convergence of different parts of the world through digitalization, in a way find themselves in between the traditional Uppsala-based and INV-based born global and born-again global internationalization. In other words, they first start in nearby markets, which are sort of test markets, but at the same time scan the opportunities in farther locations in order to enter them rather quickly to capture competitive advantages in this global market of fierce competition.

Although the significance of trade fairs to date vary within the case firms, trade fairs have been used to promote especially early internationalization and finding the first contacts. This finding is in line with the study by Kontinen & Ojala (2011a), who found trade fairs the main arenas for the international opportunity recognition. All the case firms have used governmental or private consulting organizations to promote their internationalization, which have been recognized to facilitate the international networking of FBs in the research (see e.g., Senik et al., 2011). However, despite using these organizations, in general the satisfaction to them has been low within the case firms, as they haven't yielded concrete and long-term results in terms of establishing ties to partners and customers.

Speaking of partners and customers, one of the main challenges regarding internationalization has been finding the right contacts. In addition, limited resources hamper the comprehensive execution of internationalization. These two challenges are supported by earlier studies. For example, limited financial resources negatively affect the internationalization process of family SMEs (Graves & Thomas, 2008), and in the case of many case firms, financial resources posed an obstacle for more progressive internationalization. Buciuni & Mola (2014) state the importance of cross-border relationships for family SMEs due to their limited resources, which aligns with the answers of the case firms, whose success in the international markets is highly dependent on the partners they find, who can fill the resources gaps of the case firms and strengthen the networks to the end customer. The importance of the first contacts you obtain was evident in the data, and also in the earlier research getting involved in the networks that provide with partners with resources and knowledge are especially important in the early stage of internationalization and in enabling foreign market entries (de Farias et al., 2009; Fletcher, 2008). The partner and resource dependency of the case firms reinforce the applicability of the network view to studying the internationalization of family SMEs; the network view argues that the set of relationships determine firms' ability to internationalize and the extent of that (Coviello & McAuley, 1999).

To the knowledge of the author, there hasn't really been earlier research on how active or passive (Johanson & Mattsson, 1988) FBs are in initiating their internationalization. It has been studied how FBs are more risk-averse, not growth-oriented internationally, and tend to keep their independence by not collaborating with other firms (Abdellatif et al., 2010; Okoroafo, 1999; Donckels & Fröhlich, 1991), but not more specifically on how active or passive they are *when* starting internationalization. This study's case firms were split in half in this regard, and on both sides there were also firms adopting the other approach. For example, Firm B has been active in attending trade fairs to initiate foreign deals and partnerships and has followed a strategic and systematic road map in its internationalization, but it has also been reactive in a sense that if opportunities have arisen, such as coincidentally meeting a potential partner, these opportunities have been tackled. Consequently, clear conclusions cannot be made from the data whether FBs are solely active or passive in their internationalization efforts. However, speaking of coincidental meetings, the significance of coincidences was an interesting notion that arose from the data. One could assume that coincidences guide the internationalization process of those case firms who adopt more the passive or reactive approach to internationalization, but the significance of coincidences was highlighted rather evenly from both the activity sides with total five explicit statements. The prevailing paradigms in the FB internationalization studies explicate rather predetermined internationalization processes for FBs; e.g. they either follow the Uppsala model or internationalize rapidly, select low-commitment or high-commitment entry modes, and so on. To this discussion, this study suggests that, in different types of family-controlled SMEs, coincidences can be important elements to be recognized in the internationalization processes of FBs, which in a way 'disrupt' the established patterns of internationalization and might have big influence on the direction to which the internationalization process of FBs develop.

6.1.1 What Characterizes the Network Relationships of Family-Controlled SMEs?

The network relationships of all the case firms were formal ties in essence, and they all utilized intermediary ties in entering foreign markets. This finding is in line with Kontinen & Ojala (2011a; 2011b; 2011c), who find formal and intermediary ties the main forms used in the international opportunity recognition and entry process. Although the significance of intermediary ties to the case firms varied, they were especially used in the early phase of internationalization, similar to the findings of Kontinen & Ojala. However, slightly opposed to these authors, it was found that all the case firms mainly had strong ties and most of them from early on in the internationalization process; Kontinen & Ojala (2011c) find weak ties more important in the entry phase, whereas the significance of strong ties emerges in the post-entry phase. Despite the case firms used strong ties, it might not lead to benefits for internationalization. As mentioned earlier, the biggest challenges of the case firms were related to coping with limited resources and capabilities and finding a partner who can fill those. In this light, Oviatt & McDougall (2005) prefer having weak ties over strong ties, as these business-like ties require less investment and can yield contacts to many different stakeholders fast with access to resources and knowledge. Thus, the case firms might be stuck in a way with the established strong ties, although stepping outside the close network could provide with unique information and opportunities (Granovetter, 1973).

The preference to establish strong ties from early on can be explained by the interesting finding that in the case of five case firms the formal ties were often like informal ties, which was reinforced by having foreign partnerships with other FBs or building family-like relationships with the foreign partners. Despite the deficiencies of having strong ties, having strong ties with similar FBs can provide advantages for FBs. It has been found that forming joint ventures and alliances between FBs can help internationalization (Swinth & Vinton, 1993; Gallo & Pont, 1996; Fernandez & Nieto, 2005) and that FBs want to establish more relationships with other FBs in foreign countries (Okoroafo, 1999). While the five case firms in this study didn't use these partnership forms but had mostly FB agents and dealers as partners, this study sheds more evidence on the benefits of inter-FB partnerships in the agent and dealer relationships as well. Leaning towards having inter-FB relationships is supported by the answers of most case firms, in which they state the importance of the similarity of the partner firm. In addition to the similarity in terms of size and product portfolio, similar identity is sought for. The case firms highlight trustworthiness and long-term orientation as one of the key criteria for the partner, and with fellow FBs these are more likely achieved. The earlier literature also recognizes this: for example, Swinth & Vinton (1993) list trust, loyalty and continuation as the key similar attributes of FBs enhancing cross-cultural bridging between them. Kontinen & Ojala (2012b) also state how FBs tend to have a lot of structural holes in their internationalization process and rather develop network closure with trustworthy partners and social capital ties, which reinforces the finding of this study on the case firms having mainly strong ties throughout the different phases of internationalization process. Having a network relationship with an actor sharing common interests yields mutual benefits, which encourages the maintenance of these relationships in a long run (Johanson & Mattson, 1988; Johanson & Vahlne, 2003).

With regard to other highlighted characteristics wanted from a foreign partner – namely existing networks and channels, experience and knowledge, and activity – the earlier research provides supporting findings. In the original network model of internationalization, it is argued that the internationalization of a firm starts when a relationship with a foreign firm, who already has a position in a network, is established (Johanson & Mattsson, 1988), so seeking for partners having existing networks and channels to be utilized and penetrated is crucial in this light. Good partners can enable FBs to expand the internationalization from nearby markets to farther locations with their expertise and linkages to other networks (Chen, 2003). This was for example the case with Firm F, who did start its internationalization from nearby markets, but quite rapidly expanded to China thanks to a competent partner there.

Seeking for experienced and knowledgeable partners also gets support from the earlier research. As mentioned earlier, having partners with resources and knowledge is crucial in enabling early internationalization (de Farias et al., 2009; Fletcher, 2008) for family SMEs with limited resources, who are dependent on the cross-border relationships in order to get access to important networks (Buciuni & Mola, 2014). Access to market knowledge, resources and capabilities for internationalization needs can construct bridges to facilitate international expansion (Chetty & Blankenburg Holm, 2000; Johanson & Vahlne, 1990). Furthermore, since it has been discovered that one of the major attributes of FBs to succeed in internationalization are market and technological knowledge (Menezes et al., 2014; Boyd et al., 2010; Casillas et al., 2010; de Farias et al., 2009;

Puig & Perez, 2009) as well as managerial capabilities (Buciuni & Mola, 2014; Graves & Thomas, 2008), these attributes can also be desired from the foreign partner so that the foreign market entry and following operations are executed efficiently.

The last main characteristic, activity of a partner in executing and developing the market, doesn't really have reflection points in the literature. However, the significance of this attribute can be argued through the previously mentioned factors. Since the case firms need to cope with limited resources and capabilities and thus find partners who can fill these with their networks and expertise, the limited resources and capabilities also reflect to the need to have partners who are active in running the operations and ensuring the implementation of the value chain in the respective markets. The case firms themselves don't have the capacity to manage – or the strategic will – to do that, so they are dependent on the activity of the foreign partner to be the link in the foreign markets. For example, Firm E is basically run by one person, who doesn't have time and financial resources to be involved in every foreign market and promote the products, which makes it crucial that the foreign dealers are active enough to act as the face of the firm in the foreign markets.

Speaking of activity with regard to the case firms themselves, an interesting correlation can be found from the data between the earlier discussed active or passive approach to going international and the activity in terms of managing the existing relationships. Those who are active in initiating internationalization in the first place are also relatively active in maintaining the relationships. In other words, these case firms have not just been active in forming foreign relationships but also want to maintain that activity in developing these relationships by meeting and communicating regularly and thereby placing importance in strengthening the relationships. Those who have been more passive or reactive in internationalizing and reacting to international opportunities have been less active in managing the established relationships. The interaction is more sporadic and needs-based. Leaving the partner 'alone' to do its job is more present regarding the case firms, who rather passively manage the network relationships.

6.2 Does FB Status Affect and Have Importance in the International Networking of Family-Controlled SMEs?

As discussed earlier, a significant amount of the case firms brought up the fact that they seek to form partnerships with other FBs, which is regarded as beneficial for cooperation. This finding gets more support from the answers on the importance of having FB status by the case firms themselves in internationalization, since not just within the case firms stating about inter-FB partnerships but also within the rest of the case firms the FB status has more or less value in international markets. The most brought up factor, trustworthy image, can be seen as valuable asset when forming foreign relationships, since it sets ground for long-term partnership. Also in the literature, as noted earlier, FBs have attributes, such as trustworthiness and long-term orientation, which help building bridges to foreign markets, especially to other FBs (see e.g., Swinth & Vinton, 1993; Gallo & Pont, 1996).

Despite the most case firms stated that having an FB status is at least somewhat beneficial in international business, the aspects of FB status don't reflect that much to the way *how* the case firms have internationalized in their opinion. The success and extent of internationalization is more associated with the size of the firm and the resources you have. The vague connection of being an FB to a certain way or extent of internationalization has also received support in the field of FB internationalization, which, as discussed in the literature review, involves views on the insignificance of family ownership and management in internationalization (Merino et al., 2014), and on the similarity in terms of the degree of internationalization (Graves & Thomas, 2004) and performance and resources (Crick et al., 2006) between FBs and non-FBs.

However, as the findings on the international pathways following the Uppsala model, forming of strong network relationships and other emerging similarities indicate, the case firms have something in common that can be associated with the FB status, although they don't state it explicitly. Even though the main answer to the connection between being an FB and certain way of internationalization is suspicious, there are individual opinions that bring up characteristics such as long-term orientation, persistence, risk-averse nature, growth orientation and relying on your own approach, which have guided the internationalization process.

6.2.1 Do Different SEW Statuses Explain the Way Family-Controlled SMEs Internationalize?

In the previous sections the answers on the internationalization processes, the characteristics of the network relationships, and the subjective opinions of the importance and connection of FB status by the case firms were analyzed and discussed. To draw conclusions on the possible explanation of the SEW statuses of the case firms to the internationalization processes and the building of the international networks, which was one of the ultimate goals and pursued contributions of this study, the identified SEW statuses were reflected to these analyses and discussions. The SEW statuses, as described in Chapter 4.2.2., were formed based on the interview questions, but there were no straightforward questions in the interviews that asked the case firms about the SEW and its possible connection to the internationalization processes. The goal was to let the case firms answer to the components that form the degree of SEW in line with the categorization of Berrone et al. (2012) and to the connection of the FB status in general terms in order to avoid the misunderstandings of a potentially difficult concept of SEW, and now the author can link the SEW statuses he formed (from high to low) to the addressed themes in the results and discussion sections to come up with possible linkages.

When looking at the results and the formed SEW statuses, two connections can be identified: 1) the higher the SEW, the more active approach to internationalization and maintaining and developing relationships, 2) the higher the SEW, the more important FB status is seen for internationalization.

Table 2. Connection of SEW.

	SEW	**Proactivity in internationalization**	**Maintenance and development of network relationships**	**Importance of FB status for internationalization**
Firm I	High	Active	Rather active	Important
Firm A	High	Rather active	Rather active	Important
Firm H	*High*	*Passive*	*Rather passive*	*Rather important*
Firm B	Semi-high	Active	Active	Rather important
Firm J	Semi-high	Rather active	Rather active	Rather important
Firm C	Medium	Active	Active	Rather unimportant
Firm F	Medium	Rather active	Active	Rather unimportant
Firm D	Semi-low	Passive	Passive	Unimportant
Firm E	Semi-low	Passive	Passive	Rather unimportant
Firm G	*Low*	*Active*	*Rather passive*	*Rather important*

As can be seen in Table 2, in general the trend is that the case firms having at least medium level SEW also have at least rather active approach to internationalization and managing network relationships. The exceptions (in italics) to this trend are Firm H, who possess passive approach to these despite high SEW, and Firm G, who is seen as having low SEW but active approach to internationalization. As regards the importance of the FB status for internationalization, those with high or semi-high SEW see it at least rather important, while from medium SEW levels downward the FB status is seen as rather unimportant or unimportant. Again, Firm G is an exception as with low SEW the FB status is regarded as rather important.

In the light of existing literature, the finding that higher SEW would lead to higher activity to initiate internationalization efforts both challenges and accords with previous findings. For example, according to Gomez-Mejia et al. (2010), family-controlled firms are more reluctant to internationalize compared to other firms, as preserving SEW and related affective endowments and noneconomic value acts as an obstacle in the decision-making. On the contrary to this, the case firms with at least medium-level SEW, who are highly family-controlled, are active in general to identify and tackle international opportunities. Thus, internationalization as a variable, the case firms don't necessarily see it hindering their noneconomic value derived from the business, as the SEW perspective would suggest. Rather, going international is an *economic* decision that enables them to better succeed in the global competition they are part of, and thereby this economic decision can secure the noneconomic value in a long run. As Table 2 indicates, the case firms with higher SEW also regard FB status important for internationalization, which implies that securing SEW is important for them, but it doesn't act as an obstacle but as an asset that helps succeeding in internationalization. In other words, SEW can be beneficial for internationalization and it can be better maintained through internationalization.

Although the SEW perspective would suggest the preventing role of high SEW to internationalization, support for this enabling and motivating role of SEW can be found from the literature. Pursuing to preserve SEW in family-controlled firms can yield benefits, such as long-term orientation and increased knowledge base, which foster internationalization (Zahra, 2003). Patel et al. (2012) suggest that the family coherence and commitment to the values, mission and goals in family-controlled firms facilitate the execution of a demanding internationalization process. Altruism, stewardship and trust can be better deployed in FBs with higher SEW for internationalization efforts and aligned interests facilitate the process. In this light, it can be suggested that within the case firms with higher SEW, SEW is empowering factor that helps the firms to see internationalization as highly strategic decision with coherent mindset and through that coherence execute it actively and with determination.

As regards the suggestion that higher SEW would lead to higher activity in maintaining and developing network relationships, again one could assume based on the SEW perspective that preserving SEW makes FBs reluctant to interact with foreign partners but rather reinforce the bonds within the family itself. For example, Eberhard & Craig (2013) suggest, albeit referring to family ownership without deeper reference to SEW factors, that high family ownership hinders inter-organizational networking to international markets. However, it has been argued that SEW creates reciprocal social relationships not just between family members but also with nonfamily employees to increase the sense of belonging and commitment (Miller et al., 2009; Miller & Le Breton-Miller, 2005), and the communal embeddedness achieved through this make FBs to serve those within and around them (Berrone et al., 2010). These findings can be applied to the case firms with relatively higher SEW, within whom there are firms who have a lot of other FBs as foreign partners. It can be argued that these, and also nonfamily partners become part of the extended family of the case firms, and thereby also the SEW mindset is extended to involve these partners in the 'family', which encourages active relationship building and maintenance. For example, Firm B stated that they want to create and maintain a sort of 'Firm B family' with the foreign partners, which is achieved by meeting on a regular basis and maintaining close relationships.

7 CONCLUSIONS AND LIMITATIONS

The aim of this study was to better understand the internationalization processes of family-controlled SMEs, and more specifically, how they create and develop the network relationships in the international markets. In addition, the role of SEW in this process was studied to discover whether it affects the international networking of family-controlled SMEs. Through the analysis several implications can be suggested. First, the internationalization process of family-controlled SMEs follows a pathway that can be situated between the traditional Uppsala model and INV-based model, as they start from nearby markets but continuously scan opportunities in farther locations to speed up the extent of internationalization. The directions of internationalization processes are often affected by coincidences, which reinforces the notion above that the international pathways of family-controlled SMEs cannot be necessarily placed in the predetermined frameworks of different internationalization models. Second, adopting network view on the internationalization of family-controlled SMEs is valid, as these firms are dependent on building relationships with foreign partners that can fill the limited resources and capabilities of the firms. A desirable partner has existing networks and channels in the market, is trustworthy, experienced and knowledgeable, and is similar in terms of size, portfolio and identity. When developing the partner network, family-controlled SMEs seek to create strong, long-term and trustworthy ties to foreign partners from early on, and to strengthen the fertility of the relationships, family-controlled SMEs create partnerships with other FBs in the foreign markets. Speaking of strengthening the network relationships, the results of this study also suggest that active approach to going international reflects to activity in managing and developing the established network relationships.

In addition to shedding more light on the internationalization processes of family-controlled SMEs from the network perspective, this study contributes to the infant research stream considering SEW and internationalization in conjunction. By comparing the formed SEW descriptions of the case firms and the results on their internationalization processes, it was noted that SEW can act as activating asset for family-controlled SMEs in their internationalization processes and not as a preventing factor; SEW can be both the means and the end for the internationalization of family-controlled SMEs. In managing and developing foreign network relationships, pursuing SEW can be like a glue that creates strong, reciprocal relationships between family-controlled SMEs and foreign, especially FB partners.

In Figure 5 below the main findings and contributions of this study are presented aligned with the theoretical framework of the study.

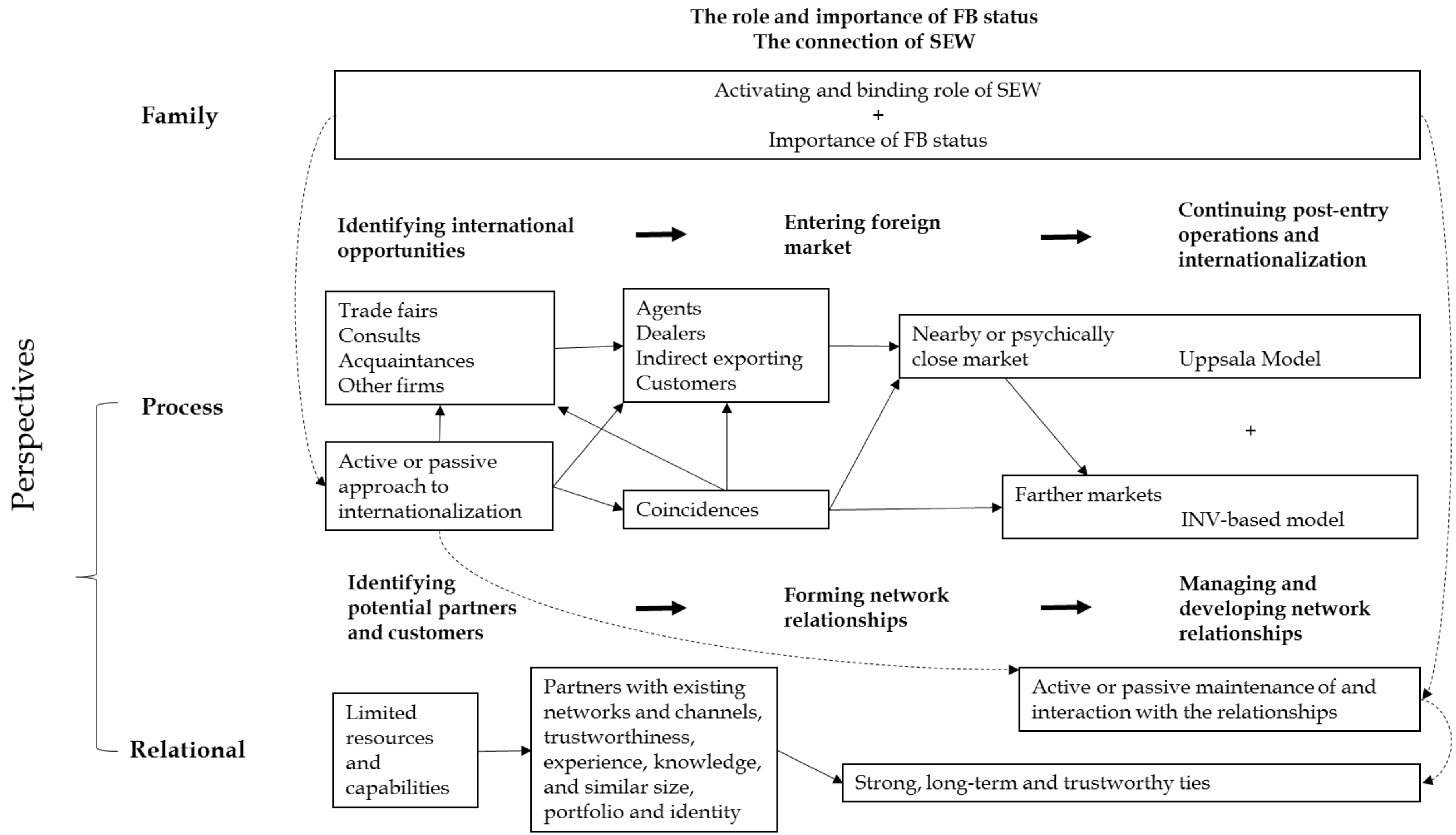

Figure 5. Main findings aligned with the theoretical framework.

This study wouldn't be without limitations. Although having 10 case firms in a qualitative case study is a good number, it is still limited to generalize the results to large extent. Generalizability is also questionable due to the geographical focus on Finnish family-controlled SMEs; for example, there can be cultural differences regarding the influence of family control and SEW as well as business in general in different countries, which has to be borne in mind. Furthermore, although all the case firms were from the manufacturing sector, the industries were rather different with own characteristics and market dynamics, which can affect the internationalization process and thus limit generalizability.

This study aimed at focusing on processual development of the internationalization of family-controlled SMEs, but the cross-sectional nature of interviewing the case firms and obtaining retrospective and often not so explicit answers on their internationalization processes impaired the achievement of true processual data and contribution. There was lack of explicit, time-related data, e.g. when some foreign market entries occurred, which sometimes made it difficult to form overall views of the internationalization processes. Thus, due to the above-mentioned limitations, it is suggested that future research would involve not just more longitudinal, process-capturing case studies from other countries but also more quantitative studies, so that the internationalization of family-controlled SMEs from the network perspective and especially from the SEW perspective gets more comparable views to validate other findings in the field and construct more solid paradigm for these research streams.

It should also be noted that in this kind of a study, where e.g. the SEW of the case firms is determined by the author based on the answers from one to few respondents from the firm, the author's and the respondents' perceptions play a huge role in the analysis and consequent conclusions. To diversify the views on the discussed themes and achieve better triangulation, it was planned to obtain secondary data from the websites of the case firms and other sources, but due to lack of usable information this wasn't done except in the case of Firm F, for whom relevant news articles were found. The rich interview data and comprehensive literature review set good conditions to make judgments, but still it has to be borne in mind that subjectivity regarding both the interviewed persons and the author himself affects the validity of the results, which, as suggested above, can be enhanced by more diverse research both methodologically and geographically.

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