FAMILY BUSINESS INTERNATIONALIZATION: THE PROCESS AND FACTORS INFLUENCING THE INTERNATIONALIZATION DECISION

Jyväskylä University
School of Business and Economics

Master's Thesis

2022

Author: Martina Semanová
International Business and Entrepreneurship
Supervisor: Mikko Rönkkö

JYVÄSKYLÄN YLIOPISTO
UNIVERSITY OF JYVÄSKYLÄ

ABSTRACT

Author Semanová Martina	
Title Family Business Internationalization: The Process and Factors Influencing the Internationalization Decision	
Subject International Business and Entrepreneurship	Type of work Master's Thesis
Date May 2022	Number of pages 56

Abstract

Family business internationalization is an important research topic due to the significance of small and medium-sized family firms in the global economy. Similarly, the research field provides limited and inconclusive conclusions on how family firms internationalize, henceforth this master's thesis aims to explore the factors that influence family firms' decision to internationalize as well as the process of their foreign expansion.

This master's thesis is a qualitative study with an exploratory purpose. The main methodological approach was a multiple case study, thus primary data was collected via semi-structured interviews from nine family business cases to allow for an in-depth understanding of the phenomena. A cross-case analysis was selected as a data analysis method to reveal relationships between concepts and underlying reasons for particular behaviours of family firms.

The analysis revealed numerous similarities with the existing literature, nonetheless, new findings were also discovered. Among others, it was confirmed that family firms mostly internationalize according to the Uppsala model. The main newly discovered findings uncover that the cultural background of a firm can have an impact on their level of socio-emotional wealth which in turn can hinder international expansion. Moreover, the status of family business helps firms in the process of internationalization.

Findings included in this study contribute to the overall research field of family business internationalization. The conclusions can help family business managers to recognize various factors, biases but also resources needed to successfully execute international expansion. Future research recommendations include e.g., researching dimensions of culture and their impact on the socioemotional wealth of family firms.

Key words
Family business, family firm, internationalization process, motives, influential factors, decision-making

Place of storage
Jyväskylä University Library

CONTENTS

LIST OF TABLES AND FIGURES

1 INTRODUCTION

Family businesses form the most dominant type of business in the world (Metsola et al., 2021). In Europe, more than 60% of all companies are family firms (European Commission, n.d.), while in the United States family firms constitute 90-98% of all businesses (Shanker & Astrachan, 1996). The family also remains a dominant type of company governance in Asia (The Economist, 2015). According to Daszkiewicz & Wach (2014), family firms are one of the most crucial sources of economic growth considering job creation and generation of wealth. By employing 60% of the global workforce and generating more than 50% of the world's gross domestic product (GDP), family businesses are not only important for their domestic markets but also international business (Family Firm Institute, 2017, as cited in Arregle et al., 2021) and the global economy. While huge multinational organisations have long been assumed to be dominant in international trade, it has lately been acknowledged that a significant number of entrepreneurial and family-owned businesses operate on a global scale (Kontinen & Ojala, 2012). In addition, The Economist (2015) estimates that by 2025, multinational family firms in emerging markets will represent a share of 40% as compared to 15% in 2010.

The internationalization of family firms is, therefore, an important and significant field of study as "internationalization has become a strategy for growth, and sometimes even for survival"(Kontinen & Ojala, 2010a, p. 1), especially for businesses with family ownership or management. In a similar manner, globalization "opens the door" for small firms to expand beyond their domestic markets in pursuit of growth or other strategic objectives.

The topic of family business internationalization received increased scholarly attention in recent years (e.g., Arregle et al., 2021; Hennart et al., 2019; Metsola et al., 2020; Metsola & Kuivalainen, 2021). In earlier research, scholars studied family business internationalization from the dimensions of a family business, international business, and international entrepreneurship. Nonetheless, despite growing interest in the research area, the body of literature on family firm internationalization remains still rather narrow (Kontinen & Ojala, 2010b) and requires conclusive knowledge. Specifically, the decision of family firms whether to internationalize or stay operating domestically seems to be the area with little research attention, hence why additional findings are needed.

Based on the relevance to the field of research and the need for more studies concerning the internationalization of family businesses, this master's thesis aims to contribute to the body of literature by answering the research question: **"How do family firms internationalize?"** Thus, the objectives of this study are to:

- discover what factors and motives affect the decision of family firms to expand internationally and,

- ❖ understand what the internationalization process in family firms is like.

Even though the family business has not been clearly defined in the literature, generally, it reflects a firm in which the family plays a certain role in ownership, management, or firm's strategy (e.g., transgenerational intention, etc.). The difficulties to define family business stem from different levels of family influence on the firm. Similarly, when it comes to the concept of internationalization, it can broadly be described as "the process of increasing involvement in international operations" (Welch & Luostarinen, 1988, p. 36). Nonetheless, more specifically, in this master's thesis, it represents an expansion of selling activities to a foreign country, hence outside of the domestic market.

To answer the research question and reach the objectives, qualitative data is collected via semi-structured interviews. The research methodology used in this master's thesis is a theory-building approach based on multiple case studies also called the "Eisenhardt Method" (Eisenhardt, 2021). Thus, a cross-case analysis as a data analysis approach was selected.

My motivation for studying family business stems from a practical point of view as my core family is currently in process of pursuing their business idea that I also want to be an active part of. Similarly, in the future, there is ergo a possibility in my career to be a successor to the family business. For these reasons, I believe that studying family businesses can be beneficial for me in the near as well as a distant future.

The other main topic in this master's thesis is internationalization. I have always found this topic interesting, as I chose the study programme that is also focused on international business and entrepreneurship. Combining the two concepts, family business and internationalization, was an interesting topic of choice for me for this master's thesis that I was excited to explore and learn about more in-depth.

This master's thesis is structured into several chapters and subchapters. After the introduction where I presented the objective and research question of this study, I look into the extant literature and present a theoretical framework. In this chapter, I discuss family business definition and characteristics, internationalization theories, internationalization of small and medium-sized enterprises as well as internationalization of family businesses. I specifically look into the factors that can have an impact on the decision-making process and the final decision of whether a family firm will or will not internationalize. Afterwards, the research methods are showcased, namely the data collection and data analysis. Next, the results are presented, and a theory is formed. Finally, the study ends with a conclusion and possible implications of the results.

2 THEORETICAL FRAMEWORK

For this chapter, I completed a thorough literature scanning for the main and relevant theories and definitions in the fields of entrepreneurship, international business, and international entrepreneurship. The main focus was on small and medium-sized enterprises, family business and internationalization and the connection between these phenomena. Closer attention was put on research articles that studied determinants of the family firm and small and medium-sized enterprise (SME) decision making in the process of internationalization as well as the relevant perspectives and theories that look at the possible influential factors and effects on this decision.

2.1 Family Business Definition and Characteristics

The term "family business" consists of two words: family and business. A family is a group of people related to each other by blood or marriage. It is the basic unit of society - the most important social construct. Business is the activity of selling goods or services for profit. Combining the two creates a specific entity with distinctive characteristics that has its privileges but also challenges. Sharma (2004) in her study states that family firms behave differently due to the mutual impact of family and business. Additionally, she reveals that in the field of family business research, many studies confirmed that family firms are successful when family and business interactions are effectively managed.

The "family business" term is rather difficult to define. Over the years, scholars have not agreed on a unified definition of a family business. Consequently, the academic field lacks a commonly accepted concise explanation of what a family business represents. Many scholars confirmed the reasons behind this to be the complexity and heterogeneity of family businesses as well as the study of them. Similarly, the family business research field is still considered emerging and in constant development. Although this may be true, Diaz-Moriana et al. (2019) emphasize that the lack of a common definition does not prevent scholars to examine family businesses due to their mutual knowledge and vision of the field. On the contrary, the researchers bring new perspectives from various areas of study to the family business discipline. At the same time, (Kontinen & Ojala, 2010a) emphasize the need for unifying family business definition for the purpose of "making family business research more understandable and comparable" (p.8).

In the meantime, there are a plethora of definitions for the family business (or family firm, family enterprise etc.) in the literature. The definitions vary in describing e.g., levels of ownership, family involvement and intention to pass the firm ownership to the next generation (Dibrell & Memili, 2018). Looking at family ownership, as stated in the recent publication, family firms can be broadly divided into family-owned and family-influenced firms depending on the level of control a family has over the business. Family-owned firms are from the majority, owned by a family while in family-influenced firms, a family does not have enough control and does not take part in management (Hennart, 2021). All in all, a general agreement is to identify a firm as a family firm when family members are the majority shareowners, are involved in the firm's management and represented on the board of directors, and have an intention to succeed the business to the next generations (Mazzi, 2011).

Additionally, in view of the economic importance of family businesses in Europe, The European Commission developed a common European definition of a family business based on these conditions:

1) "The majority of decision-making rights are in the possession of the natural person(s) who established the firm, or in the possession of the natural person(s) who has/have acquired the share capital of the firm, or in the possession of their spouses, parents, child, or children's direct heirs.
2) The majority of decision-making rights are indirect or direct.
3) At least one representative of the family or kin is formally involved in the governance of the firm.
4) Listed companies meet the definition of family enterprise if the person who established or acquired the firm (share capital) or their families or descendants possess 25 per cent of the decision-making rights mandated by their share capital" (European Commission, n.d., Common European definition of a family business).

This definition agrees with Mazzi (2011) in a large part, albeit the European definition does not cover the transgenerational intent and succession of the business.

Comparatively, several factors that should be considered when defining family business were identified and together with transgenerational intent, family ownership, family representation and proportion in management, the self-perception as a family business and strategy being determined by the family were added as additional characteristics (Uhlaner, 2005). As was also portrayed in the earlier definition, many other studies add representation on the board of directors while others also put emphasis on multiple generations having ownership control and alignment of business and family values (Diéguez-Soto et al., 2015).

Arregle et al. (2021) state that the definition of the family business is important for recognizing a firm's specific characteristics that can have various effects on internationalization due to the family firm's "social and institutional position within the economy" (p. 1162). They identify the main distinguishing characteristics of family firms that relate to the abovementioned definitions and conditions recognized by other scholars. They are family influence or control, emotional attachment and identification, unique social capital, transgenerational intention, and generational involvement. To illustrate, factors such as family influence together with emotional attachment and transgenerational intent can affect decision-makers to prioritize family goals (Arregle et al., 2021) over e.g., a firm's economic goals.

Overall, it has been frequently stressed that family firms' unique, idiosyncratic governance and resource features have an impact on their internationalization behaviour (Arregle et al., 2021). Most of these family business characteristics can also play a role as internal factors that have the potential to influence the internationalization decision of such firms. The extant literature provides various points of view on whether these characteristic factors encourage or deter internationalization and as has been observed, the reason behind this is a lack of consideration of family firm heterogeneity (Arregle et al., 2021; Pukall & Calabrò, 2014).

2.2 Overview of Internationalization Theories

Graves & Thomas (2008) refer to internationalization as the "exploitation of a firm's unique products and knowledge globally from a domestic base" (p. 152). Internationalization is also considered "the most complex strategy that any firm can undertake" (Fernández & Nieto, 2005, p. 77). Considering the scale and scope of business operations, "internationalization is the extent (scale) and the inter-country distribution (scope) of sales to foreign customers" (Hennart, 2021, p. xxiv).

Theories are generally needed to understand events or situations in a systematic way. They help people and businesses to understand the phenomena and sometimes even predict the outcome and consequences of different actions. The internationalization theory serves to "explain the behaviour and strategy of firms in international markets" (Andersen et al., 2014, p. 38). The body of literature offers multiple theories on internationalization. To name a few, largely recognized theories in academic research are the Uppsala model developed by Johanson & Vahlne (1977), the eclectic paradigm also called OLI (ownership – location - internalization) framework by Dunning (2001), the network model, born-global, and many others. In this section, I will present and explain the most common theories for internationalization that I have encountered in the family business research field. In the later chapters, I will then also glance at the empirical evidence discussing the internationalization of small and medium-sized enterprises.

2.2.1 The Uppsala Model

The Uppsala model of internationalization explains the internationalization process as a series of slow, incremental decisions and small gradual steps to collect, combine and utilize knowledge about foreign markets and finally, strengthen commitments to those particular markets (Johanson & Vahlne, 1977). Andersen et al. (2014) explain in other words that when a firm decides to expand internationally, the process requires large financial investments, and a firm faces many different risks. In order to minimize those investment risks, it needs to gather knowledge of foreign markets.

In the Uppsala Model, a firm expands internationally by going through different stages. In the first stage, a firm is concentrated on its home country with no export activities, while in the second stage it starts exporting through intermediaries to the host countries. In the third stage, a firm establishes sales subsidiaries in the host country and in the last, fourth stage it establishes manufacturing subsidiaries (Andersen, 1997; Andersen et al., 2014).

Figure 1 represents the state (market knowledge and market commitment) and change (commitment decisions and current activities) aspects of the basic mechanism of this model. According to Andersen et al. (2014), market commitment is the size of the investment or the number of resources given to the foreign market while market knowledge is a "firm's knowledge about foreign markets and operations" (p. 45). Current activities represent operations of a firm that aid in gathering experience and recognizing opportunities to achieve the desired result. Lastly, commitment decisions are "decisions made to commit resources to foreign operations" (p. 45). Essentially, the state aspects affect the commitment decisions and how current activities are performed. In turn, the change aspects impact market knowledge and commitment. This mechanism creates a process of knowledge development and dedication of resources.

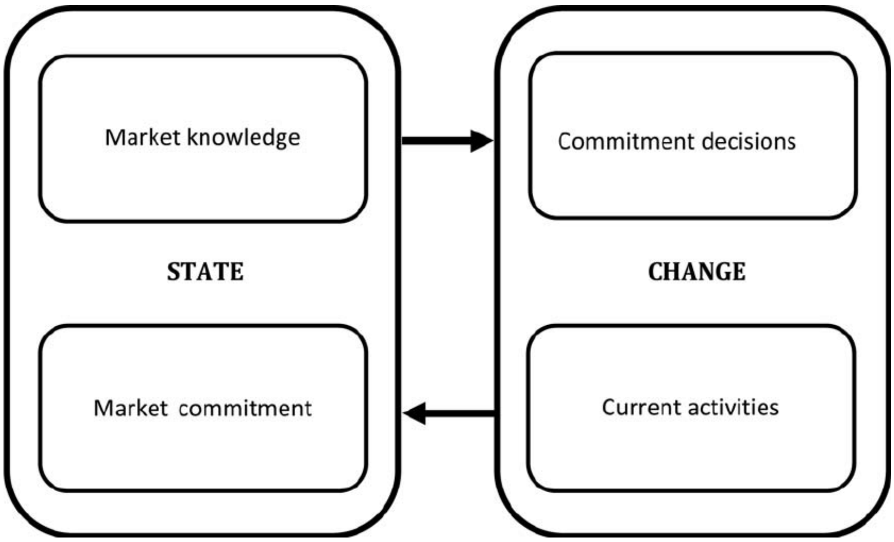

Figure 1. The Uppsala Model (Johanson & Vahlne, 1977, p. 26)

The Uppsala Model also introduced the concept of psychic distance, which represents the similarities and differences between countries. These factors can hinder the flow of information and make communication more difficult between a firm and a new market. Psychic distance is, however, also closely connected to geographic distance because of historic reasons. Nonetheless, this is not a rule as countries develop differently and sometimes neighbour countries can have different cultures or political systems (Johanson & Wiedersheim-Paul, 1975).

To minimize risks, firms at first enter markets that they perceive as close to their domestic market (Johanson & Vahlne, 1977). The factors such as language, education, culture, business practices, industrial development etc., affect internationalization and the uncertainties that come with the process. Therefore, after gaining experience and knowledge from the markets with low psychic distance, a firm can move on to expand to the countries with higher psychic distance (Andersen et al., 2014). As foreign countries differ in culture, language, and economic conditions from the home country of the business and also from each other, there is a need for a firm to gain knowledge about foreign customers and find a way to sell their products. The Uppsala model henceforth indicates that firms tend to expand into one foreign market at a time slowly and progressively and this is naturally, slowing down the internationalization process (Hennart, 2021).

2.2.2 The Network Model

The network model of internationalization explains the internationalization process as the creation, maintenance and development of long-term relationships with network participants in the foreign markets (Ratajczak-Mrozek, 2012). Andersen et al. (2014) further describe that these relationships help a firm to expand outside of its domestic market faster and in a less structured way than e.g., described in the Uppsala model. Networking helps firms to create a competitive advantage by gathering resources. Collaborating with other firms creates mutual relationships that help to achieve common goals by encouraging complimentary business activities within the networks.

The degree of internationalization depends on the position of a firm in the network – a high internationalization degree includes a large number of relationships with various organizations from different countries (Ratajczak-Mrozek, 2012). In addition, internationalization also depends on the importance and level of integration of those positions. A firm can strengthen its position by increasing its number of business relationships outside of the domestic market. Depending on the position it holds, a firm can choose to pursue international extension, international penetration, and international integration (Johanson & Mattsson, 2015). The international extension means establishing positions and relationships in the foreign markets which are new to the firm, while international penetration means establishing positions and expanding resource commitments in the networks where a firm already operates. Finally, international integration represents coordination between a firm's positions in the various foreign networks (Johanson & Mattsson, 2015).

Johanson & Mattsson (2015) state that the market position of the firm is important because it characterizes its relations with other firms in the network at a particular point in time. The position is created by previous activities of firms in the network and creates a base for the firm's development. The authors henceforth classify the positions into micro and macro positions. Micro-position (or firm-to-firm) pertains to the part that a firm plays for the other firm, the firm's importance to the other firm, and the strength of the relationships between the firms. Simultaneously, macro-position (or firm-to-network) relates to the same three factors as in the micro-position, however in regard not only to the other firm but the network of firms. Additionally, it relates to the identity of the firms in the network with which the firm shares connections (Johanson & Mattsson, 2015; Kim, 2018).

Given these points, it is important to clarify that in the network theory of internationalization, both firm assets and market assets have to be considered and that the firm's growth is dependent on its position. Henceforth, the degree of both a firm and market (network) internationalization influences the internationalization process (Johanson & Mattsson, 2015). In Table 1, the four situations for a firm's internationalization were identified and they are the early starter, the lonely international, the late starter and the international among others.

TABLE 1. The Network Model of Internationalization (Johanson & Mattsson, 2015, p. 120)

		Degree of internationalisation of the market (the product net)	
		Low	High
Degree of internationalisation of the firm	Low	The Early Starter	The Late Starter
	High	The Lonely International	The International Among Others

The early starter is a firm that does not have significant connections with firms in foreign markets. A firm lacks knowledge about foreign markets, and it is not possible to obtain it from the organizations in the network as the network also has a low degree of internationalization. It has been suggested that the firm in this position should approach the internationalization process via agents in the markets with low psychic distance or alternatively, via making a greenfield investment after strengthening its position in the home market (Johanson & Mattsson, 2015).

With the rising level of internationalization, the firm moves into a lonely international situation. The authors describe that now, a firm is able to acquire more knowledge and experience about business operations in the foreign markets and establish new relationships in the network as well as make resource adjustments. In this situation, a firm can make more direct investments or mergers and acquisitions and additionally, it can also use its position to control the activities of its competitors. Notably, coordination of activities in various networks is needed.

Another firm situation is the late starter where a firm has neither direct links with foreign markets nor the knowledge about them that its competitors possess. Nevertheless, such a firm can use to its advantage the internationalisation know-how of its customers or suppliers (network to which it belongs) by joining shared projects. In this situation, the firm doesn't need to enter firstly close markets, but it is also possible to expand in more distant ones.

Lastly, the international among others represents a situation in which both the firm and the market have a high degree of internationalization. As Johanson & Mattsson (2015) claim, "further internationalisation of the firm only means marginal changes in extension and penetration" (p. 124). In this position, coordination of activities among different foreign markets is crucial because a firm has higher chances to answer any changes in the environment and also respond to competition in advance. Joint ventures or mergers and acquisitions are more popular for internationals among others.

2.2.3 International New Ventures and Born-Globals

Another point of view of some scholars on internationalization is that as opposed to the incremental process of a firm expanding abroad, some firms are international from their inception. This means that compared to other models, these firms often skip or eliminate the stages that other firms can undergo. This is the foundation of both international new ventures (INVs) and born-globals. In academic literature, the terms are often used interchangeably as they share many common characteristics, however, there are some distinctions.

The international new venture as defined by Oviatt & McDougall (1994) is "a business organization that, from inception, seeks to derive significant competitive advantage from the use of resources and the sale of outputs in multiple countries" (p. 49). Such firms have international origins which means that they dedicated resources to more than one country. The theory, however, does not imply that the firm must engage in foreign direct investments (FDI) as it can use resources from other external alliances. Therefore, it also emphasizes the importance of networks as an alternative way of gathering resources for international expansion. Additionally, in this view, it is not crucial how large the firm is, but when it becomes international. With this in mind, it is safe to say that decisions about internationalization were made before or at the firm's formation, hence such firms have a proactive international strategy.

Correspondingly, the definition of born-globals is rather similar to the one of INVs, but as Cavusgil & Knight (2015) define, born-globals are "entrepreneurial start-ups that, from or near their founding, seek to derive a substantial proportion of their revenue from the sale of products in international markets"(p. 4). What is more, the founders of such firms view the world as one big marketplace.

The main distinction in the definition is that entry strategy in born-globals is mainly exporting, and the focus is on the firm as a unit of analysis as opposed to INVs where the goal is to seek competitive advantage in multiple countries with various entry strategies and the focus is on the value chain activities. Important to mention is that born-globals were traditionally found in smaller domestic markets, however recently there is an increasing amount from bigger markets. Such a rise of small young firms is driven by the globalization phenomenon and the progress of technologies, innovation, and infrastructure.

2.2.4 The Eclectic Paradigm

The eclectic paradigm also known as the OLI framework (representing ownership-location-internalization advantages) is a guide that firms can follow when determining whether it is beneficial for them to pursue foreign direct investment (FDI) (Dunning, 2001). The theory was created to provide a comprehensive framework that helps in identifying and assessing elements that influence foreign production. It is called "eclectic" due to the intention to convey the idea that FDI is only one of many options to get involved in international activities (Dunning, 1988). The theory explains various forms of international expansion and country selection (Kim, 2018). This framework answers the questions of why, where, when and how multinational firms internationalize but it can also apply to small and medium firms that are knowledge-intensive, especially in ownership and location advantages (Hollenstein, 2005).

A firm that wants to engage in FDI needs to realize three categories of advantages: ownership, location, and internalization advantages. Ownership advantages are unique and sustainable firm assets and capabilities that create a competitive advantage. These assets depend on the size of the firm and the experience with international markets. Location advantages represent the attractiveness of a specific country in terms of culture, infrastructure, production opportunities, its market potential, and risks. Lastly, the internalization advantages include transaction costs of modes of operation (Andersen, 1997) and value-adding potential. All in all, a firm should consider FDI when it possesses all three types of advantages, however in case it does not it can serve foreign markets through licensing or exporting.

2.2.5 Summary of the Internationalization Theories

The internationalization theories contain and show different factors that may play a role in the decision-making process when a firm is deciding to expand internationally. Table 2 presents the main key points of each selected internationalization theory.

In the Uppsala model, there are several factors that may play a crucial role in the firm's decision. For instance, financial capital and resources are considered as internationalization poses investment risks to the company. Similarly, the knowledge about foreign markets and the development of that knowledge with experience and resource commitments is crucial and also closely related to the psychic distance of the particular foreign market. Psychic distance, however, does not have to be the main factor in deciding *whether* to internationalize but rather *where* to internationalize, hence acting as a regulator of the process.

On the other hand, according to the network model, the most crucial factor that can influence the decision to internationalize is the firm's position in the network. Fundamentally, network relationships and their creation, maintenance and development play an important role in whether the firm internationalizes. The firm's position (both micro and macro) determines how the firm expands internationally and in which situation it is in terms of the firm's growth. All in all, networking and interactions within these networks are crucial for the firm's internationalization process.

TABLE 2. Internationalization Theories Summary

	The Uppsala Model	**The Network Model**	**INVs & Born-Globals**	**The Eclectic Paradigm**
Company type	MNEs; manufacturing	SMEs	SMEs; knowledge-intensive	MNEs; partially applicable to SMEs
Initiation	reaction to the environment	n/a	at inception; active opportunity-seeking	often after accumulating OLI advantages
Speed	slow, incremental	faster than in the traditional model	rapid	n/a
Regulators of the process	psychic distance; resource commitments; experiential learning	importance and integration of the positions	networks and alliances	OLI advantages
Factors that influence the decision	financial and other resources; knowledge about foreign markets	position in the network; the existence of relationships	international entrepreneurial vision	firm assets and capabilities; market attractiveness; transaction costs

The international new venture theory and born-globals provide yet another set of factors that influence firms to internationalize. In these theories, firms have often decided to internationalize before the firm was established, hence the most significant factor is the vision and international orientation of the entrepreneurial founder or manager. Networks and alliances are also important in the process, but they do not fundamentally determine whether the firm internationalizes. They mostly act as factors that enhance the speed and success of internationalization.

Lastly, the eclectic paradigm (OLI framework) presents that to pursue FDI, large firms shall accumulate unique assets, consider market attractiveness and other transaction costs and value-added. These factors help the company to decide whether FDI is beneficial for them. However, this theory also suggests that there are other methods for how foreign markets can be served even when a company does not possess all advantages.

To conclude, internationalization theories present many different perspectives through which the internationalization process can be understood and there are many factors that companies consider in the decision-making process. The decision to internationalize is ultimately an interplay of different factors to match the objectives and provide benefits to the internationalizing firm.

2.3 Internationalization of SMEs

In today's globalized world, internationalization has become a common strategy for business growth. The topic of SME internationalization received significant attention and importance in the academic literature that previously often concentrated on the internationalization of large multinational corporations (Kontinen & Ojala, 2010a). However, with the advancement of technology in many sectors and the recognition of cultures, SMEs nowadays tend to internationalize more and according to some scholars, the traditional internationalization theories are not anymore applicable to the SME process of internationalization. Furthermore, globalization positively influences SMEs as they are able to leverage their competencies in international environments faster (Łoboda, 2007, as cited in Belniak, 2015). To showcase why firms internationalize and how the process starts, in this section I will focus on the motivational factors that influence an SME to expand internationally. As one of the possible contributing factors I also look at the difference between the internationalization of product and service firms.

2.3.1 Factors Influencing International Expansion

Opportunity recognition plays a large part in a firm internationalization. According to Kontinen & Ojala (2011), to recognize opportunities in foreign markets, entrepreneurs can utilize their networks or previous experience and knowledge. However, it is not always the case that opportunities emerge from these networks and social connections but despite that, the two elements remain the key factors.

As a matter of fact, firms find opportunities for international expansion from a blend of active searching and accidental discovery.

When deciding on international expansion, firms should consider both positive and negative outcomes of this strategic step, but on the other hand, this decision also tends to be influenced by the firm's "resource availability and the need for control" (Claver et al., 2007, p. 2). Essentially, there are different reasons for SMEs to expand their operations beyond their domestic market. Johanson & Mattsson (2015) assume that firms internationalize their activities because they aim to reach their long-time objectives by utilizing and developing their resources which the strategic decision to internationalize helps to achieve. Belniak (2015) states likewise that the foundation of the decision stems from the goals and objectives of the firm such as an increase in profit or seeking power. Similarly, John H. Dunning's study of internationalization incentives as described in the book by Hollensen (2016) highlighted four basic motives for the decision to internationalize. He categorized them into these groups:

- ❖ Market-seeking: businesses expand abroad in search of new clients,
- ❖ Efficiency-seeking: to reduce the costs of business activities and/or rationalize their current operations in numerous regions,
- ❖ Resource-seeking: to obtain resources that are not easily available in their home country or may be obtained at a lesser cost elsewhere,
- ❖ Strategic asset-seeking: to get both tangible or intangible strategic assets, which may be crucial to their long-term strategy but are unavailable domestically.

In effect, the decision to internationalize is based on both internal and external factors. Many extant studies and theories address mostly factors that shape the internationalization decision that are of an external character. The external environment is important because firms do not function outside of the market context and the market environment brings about many factors that impact an entrepreneur's decision on internationalization. However, as much as external factors influence firm internationalization, internal factors also play a large role as firms do not behave homogeneously (Perks & Hughes, 2008). Both internal and external factors can either facilitate or restrain international expansion. Moreover, besides internal and external factors, some studies also identify mediating or intermediate factors which are essentially overlapping the other two categories.

To illustrate, Belniak (2015) identified domestic and international environment factors as external, industry-related factors and the role of networks as intermediate, and lastly, the firm's characteristics, resources and competencies, organizational structure, strategy and entrepreneur's attitude and skills as internal factors. In comparison, Perks & Hughes (2008) in their study of entrepreneurial managers' decision to internationalize summarized various factors. Initially, they categorised influencing factors based on the previous theories as:

- ❖ External factors: industry environment, country culture, product-service complexity, customer and network connections,
- ❖ Internal factors: availability of resources, history of decisions of the entrepreneur, entrepreneur's tacit knowledge of opportunity.

However, in their final conclusion, they eliminated the categorization and only proposed product-service complexity, strong customer relationships, tacit knowledge and vision and perception of psychic distance as the main influencing factors of entrepreneurial managers' decision to internationalize. In addition, these factors were mediated by a business case and risk tolerance.

Looking at the influencing factors from a different perspective, the factors that substantially influence a decision of a firm to internationalize are often in literature also classified into "pull" and "push" factors. These factors can combine both internal and external components, however, pull factors often stem from the opportunities that draw a firm into international markets, while push factors are mainly internal (Evers, 2011) and from the domestic market and they can also trigger a firm's intentions to internationalize. Push factors force a firm to decide whether to internationalize due to home market saturation caused by overproduction and increasing competition. On the other hand, pull factors influence a firm that actively seeks opportunities in foreign markets to e.g., increase profit or pursue economies of scale (Belniak, 2015). Patterson et al. (1999) summarized these factors leading a firm to internationalization decision from various studies as they are portrayed in Figure 3.

Push Factors	Pull Factors
• Intense competitive pressure within the domestic market • Prospects of saturation in the domestic market • Poor performance in the domestic market	• Opportunistic behaviour • Following key clients abroad • Pursuing geographic diversification • International expansion for incremental profits • Exploiting product life cycle differences • Internationalizing for defensive reasons • Leveraging core competencies abroad

Figure 2. Push and Pull Factors for Internationalization (Patterson et al., 1999, p. 355)

Comparably, in the study by Evers (2011) who studied influential forces on new venture internationalization, she identified several push and pull factors. Even though the study was concentrated on INVs, these factors can also apply to SMEs in general. At the same time, INVs are often connected to high-technology industries and knowledge-intensive products or services that lead them to fast and early internationalization. Starting with the pull factors, the author categorized industry dynamics as an influencing factor due to the always-increasing number of competitors, market conditions and global integration. Next, global homogenous niche markets are important for firms because homogeneity helps them to use the same or minimally customized products and marketing among many markets. Furthermore, business networks and social ties are another pair of influencing factors as they can provide awareness of international opportunities and experience and knowledge about foreign business operations. On the other hand, push factors such as home market saturation can create limitations for firms to grow. In addition, a profile of the founders and their international orientation and prior experience in the international market and industry also play a big role in the decision-making. Lastly, factors such as superior high-tech market offering, internet and information and communication technologies or process and production technologies are all factors that in recent years contributed to small firm internationalization as it enables such firms to exploit opportunities for growth thanks to the rapid technological advancements.

To summarize, many of the studies address the same or similar factors that can potentially influence a firm's decision to internationalize, however, it is often the case that there are multiple factors that ultimately "push" or "pull" the firm towards international expansion or alternatively, force a firm to remain domestic.

2.3.2 Product vs. Service Firms

It is important to realize that the manufacturing of goods and providing services to customers vary in how businesses operate. As a result, it comes as no surprise that the internationalization process for product firms will differ from service firms. Patterson et al. (1999) reviewed several factors that distinguish the product from the service. Firstly, services are intangible and therefore attribute more to experiences rather than objects that customers can own. Secondly, services are produced and consumed simultaneously as opposed to products. At the same time, services can vary in quality because they are dependent on the provider, while products from the same manufacturer tend to be homogeneous. Lastly, it is challenging for the service providers to synchronize supply and demand. For these reasons, there is a limited number of entry modes suitable for service firm internationalization. For instance, it is impossible for the service firm to gradually learn and gain experience from e.g., exporting, if the service is not a part of the product. Moreover, the intangibility and uncertainty risk associated with services require a certain level of firm reputation and effective branding in foreign countries (Patterson et al., 1999).

Westhead et al. (2001) in their longitudinal study found out that small firms do not seek internationalization because they want to remain local and find growth opportunities there. This especially applied to service firms, however, the authors also stated that strong pull factors played a larger role for service firms than for manufacturing firms. In the same manner, resource availability and the presence of networks were rather important for service firms when entering the foreign market. The authors also found that there were significant differences in choices of entry modes between service and product firms.

On the other hand, a study on software product and service firms concludes that geographical and psychic distance plays a big role in the internationalization of software product firms (Ojala et al., 2019). Product firms require market-specific knowledge to localize and develop their products while service firms are able to effectively use their technical and industry knowledge to serve foreign customers. For this reason, service firms often internationalize faster. Additionally, service firms tend to seek short-term relationships with their customers while product firms aim for the long-term ones, hence why service firms often do not commit to a particular foreign market. This is one of the main characteristics of the INV theory and henceforth, it can be assumed that service firms internationalize based on that theory (Ojala et al., 2019).

2.4 Family Business Internationalization

Due to growing globalization, strategies involving internationalization are becoming more necessary even for family firms that from the traditional perspective, have mostly concentrated on their home country markets (Fernández & Nieto, 2005). International opportunity recognition is an important component for any type of firm that triggers the internationalization process. The literature, however, provides different views on how family firms discover the opportunity. Some scholars claim that family firms are not active in opportunity identification while others say otherwise (Arregle et al., 2021). For instance, Daszkiewicz & Wach (2014) state that family firms as compared to non-family firms are more active towards foreign markets seeking new international market opportunities and their decisions tend to be influenced by pull factors and the international orientation of the entrepreneur. Nonetheless, as was mentioned previously, the opportunity recognition likely sparks from the blend of active search and accidental discovery regardless of whether the SME is a family firm or not.

2.4.1 The Internationalization Process

When it comes to different theories of internationalization, in the reviews of family business internationalization literature, it was found that the researchers tend to support the Uppsala model (Kontinen & Ojala, 2010b; Pukall & Calabrò, 2014) and base their theories on this perspective. Hennart (2021) explains that scholars' reasoning behind supporting the Uppsala model is that family firms do not internationalize as much as firms with a different type of governance because of the lack of experienced managers in international business and the lack of financial resources. Similarly, obtaining such resources by hiring external managers and seeking investors poses another threat to business ownership that family firms are unwilling to undergo. Due to these limitations, the liability of foreignness in more distant markets is harder to overcome, hence why family firms tend to expand gradually and firstly to nearby countries (Arregle et al., 2021).

Nevertheless, Hennart et al. (2019) argue that the fact whether the firm expands internationally and how rapidly also depends on the firm's business model. Many scholars in the literature assumed family firms to produce mass-market products where higher investments and knowledge of the market are indeed needed. On this basis, the researchers concluded that family firms do not internationalize as much as non-family firms. However, what Hennart et al., (2019) found out is that on the other hand, family businesses with niche global business models that sell high-quality products or services are in fact, capable of pursuing internationalization, reaching high scale and scope of internationalization through export (Arregle et al., 2021) and with the resources that small and medium family-managed firms possess, they can answer the needed requirements of the internationalization process. The reason behind this is that niche business models require outstanding quality in both product and service as well as a certain level of individuality and specialness. Henceforth, having family members in the firm's management can ensure that those requirements are met through building trust between the firm and its customers. In connection, family firms can therefore internationalize also according to born global or in some cases, born-again global (internationalization is rapid and occurs as a response to events) theory, where networks can play a crucial role in gathering resources. All in all, the internationalization process is determined by individual, family, organizational and environmental factors that shape the internationalization pathways of family firms (Arregle et al., 2021).

2.4.2 Factors Influencing the Internationalization Decision

Family business literature provides many factors that are said to influence whether a family firm internationalizes. In the literature, there are two sets of factors: facilitating and restraining, as I summarized and portrayed in Table 3. A tendency of family firms to internationalize is, therefore, often determined by these factors and it is the point where family firms and non-family firms may differ.

Starting with restraining factors, they are often of an internal, organizational character. In their review, Kontinen & Ojala (2010b) recognized various inhibitors. The most common factor that prevents internationalization is the fear of losing control over the firm and of socioemotional wealth, which strongly relates to the family firm's reluctance towards hiring new managers and accepting outside (non-family) expertise, henceforth lacking managerial capabilities. This also leads to family firms' unwillingness to create alliances with other firms, however, if they do create them, they are more prone to engage with other family businesses because of the shared trust and values (Pukall & Calabrò, 2014). Nonetheless, a strong risk aversion is often associated with a family firm's need for stability, hence why they also do not want to seek investments or loans and as a result, they often fail to identify the opportunity for growth via internationalization and focus their production only on domestic customers (Alkaabi & Dixon, 2014; Kontinen & Ojala, 2010b). In addition, this reluctance can also lead to another important factor which is the lack of financial resources. Such financial limitations are caused by family members' unpreparedness or resistance towards internationalization which stems from the fact that they often invest their own capital into the firm and are therefore more cautious about it (Alkaabi & Dixon, 2014). Lastly, it has also been confirmed that poorly developed information and control systems can be a reason for a family firm to remain operating domestically (Kontinen & Ojala, 2010b).

TABLE 3. Family Business-specific Influencing Factors

Facilitating Factors	**Restraining Factors**
Long-term orientation	Fear of losing control and socioemotional wealth
New generations in management	Reluctance to hire non-family managers and accept outside expertise (bifurcation bias)
Fast decision-making	Lack of managerial capabilities
Networks and alliances	Unwillingness to create alliances
Willingness to seek investments and use financial resources	Risk aversion towards seeking investments
Family members living in foreign countries	Lack of financial resources
Level of commitment towards internationalization (international orientation)	Reluctance towards internationalization, focus on the domestic market
Investments in information systems	Undeveloped information systems

On the other hand, there are also the facilitating factors that enable the internationalization of family firms. To illustrate, one of them is the long-term orientation that comes from the influence of the family. This sustainable growth in the international environment reinforces the business for the long term (Pukall & Calabrò, 2014). Similarly, as Fernández & Nieto (2005) studied, new generations in management can lead a firm to internationalize as they have more information and are more prepared for the process. In family firms, it is often the second or third generation that is more prone to international expansion. However, as firms need resources to internationalize, they can also rely on existing networks with other family businesses and either create a partnership (e.g., distribution agreements or joint venture) or have another company as a shareholder. Ultimately, this reduces the uncertainty and risks and helps a family firm to gather resources for internationalization (Alkaabi & Dixon, 2014; Fernández & Nieto, 2005). Likewise, external owners such as venture capitalists or institutional investors have a positive influence on the scale of small family firm internationalization (George et al., 2005). Lastly, other factors such as fast decision-making, family members living in foreign countries, and investments in information technology also tend to have a positive influence on the internationalization and organizational growth of family firms.

In addition to these factors, Graves & Thomas (2008) determined other deciding factors that family firms have encountered in their internationalization pathways. The first one is the level of commitment toward internationalization which showcases how small family firms are able to leverage their resources in the international marketplace. The second determinant, the available financial resources - both access to them and willingness to invest them into internationalization processes are important. Finally, the ability to commit and use those financial resources to develop the required capabilities also plays a crucial role. These factors can be linked to the previous facilitating and restraining factors as e.g., committing financial resources to international expansion is often impacted by the risk aversion of family members in the top management.

While according to Arregle et al. (2017) internationalization of family firms as compared to their non-family counterparts is not significantly different, family firms still face unique challenges mainly because of their ownership structure and the involvement of family in the business. The authors suggest that a strong family presence in the management causes lower internationalization and creates managerial challenges especially when it comes to managers' capabilities to control and carry-on operations in various foreign environments. The reason behind this is the strong presence of family members in ownership and management as they often share homogenous attributes and social capital which is also a distinguishing factor between family and non-family firms.

In conclusion, family businesses often internationalize for long-term growth opportunities and strategic reasons (Kontinen & Ojala, 2010b) however, these motives are frequently both economic and non-economic. In comparison with non-family businesses, family firms are often limited in their decision-making by their non-economic strategies and wealth generation that have their origin in the "familiness" of the company, e.g., in ownership, management, and involvement (Metsola et al., 2020). This brings us to the concepts of socioemotional wealth and bifurcation bias that emerged from the intertwinement of family and business and the special mechanisms and processes that are involved in the internationalization process inside family firms (Metsola et al., 2020). Further, I will explain and describe these two important perspectives.

Socioemotional Wealth

In the family business internationalization literature, there are various perspectives through which it can be looked at the internationalization process of family firms. The most frequent and specific to family businesses is the socioemotional wealth (SEW). Family businesses often differ from businesses without any family involvement. Mainly, family firms have different cultures and personalities as well as company values. Nevertheless, the biggest difference is that besides financial and other tangible wealth, family businesses also generate socioemotional wealth. SEW, according to Gómez-Mejía et al. (2007) is "non-financial aspects of the firm that meet the family's affective needs, such as identity, the ability to exercise family influence, and the perpetuation of the family dynasty" (p. 106). It is the crucial feature that uniquely defines family businesses (Gomez-Mejia et al., 2011). The dimensions of SEW that family firms want to preserve as suggested by Berrone et al. (2012) are the control and influence of family, identification with the firm, social connections, emotional attachment and family-firm bonds through generational succession.

When it comes to internationalization, SEW is among scholars considered a very substantial part with a significant impact on decision-making. Therefore, it comes as no surprise that preserving SEW outside of the home market and home country is challenging for family firms as they can expect losses of SEW that result from pursuing activities in the foreign markets, e.g., investment needs, managerial expertise, etc. (Pukall & Calabrò, 2014).

The strategic objectives of SEW preservation often have an effect on internationalization and international diversification (Gomez-Mejia et al., 2010). The decisions that family firms make are often influenced by the view to avoid any threats to SEW (Kano et al., 2021) and it often results in family firms making non-economic decisions such as having an affiliate composition of members on the board of directors (Liang et al., 2014). Entering a new market with uncertainties and involved risks can result in lower internationalization as family businesses tend to be conservative to preserve their SEW (Rienda et al., 2021). Therefore, in many cases, SEW and its preservation can act as a deterrent to family business internationalization, especially since it requires the creation of business relationships outside of the firm and the home country. This is especially true for small and medium-sized enterprises that are often dependent on their networks as alternative ways of gathering resources. However, in some cases, if family firms perceive internationalization as a survival strategy, SEW preservation can act as an encouraging factor due to family firms' long-term orientation. All in all, less emotional decision-making can lead family firms to higher degree of internationalization (Metsola et al., 2021). For this reason, the differences in the levels of internationalization of different family firms are likely to come from different levels of family involvement (Rienda et al., 2021).

Bifurcation Bias

The other perspective that is similarly important is the bifurcation bias. In effect, the strong need of preserving socioemotional wealth can make family firms bifurcation biased (Metsola et al., 2021). Bifurcation bias is "an effect-based decision-making logic that prioritizes heritage assets over non-family assets, which are treated as lower-value commodity-type assets" (Kano et al., 2021, p. 6). Bifurcation bias expresses bounded rationality and reliability as it divides the firm's assets as family (heritage) assets that have a special value while on the other hand, the non-family assets foster a negative connotation and are perceived as generic (Kano et al., 2021). This type of bias affects the internationalization paths of family firms as well as the success of the firm's activities abroad. The difference between socioemotional wealth and bifurcation bias is that when a firm is biased, the prioritization of familial assets is inappropriate and dysfunctional that limits e.g., its social capital, development of networks and as a result, possibly also internationalization. From the practical view, bifurcation bias can cause family managers to prefer other family members over non-family members as managers even if the non-family managers would possess more skills and fit more to the position. Among others, it can affect promotion, compensation, evaluation, processes and intellectual property (Kano et al., 2021). Nevertheless, despite the presence of family ownership and management, affected family firms often realize the dysfunctionality and can eventually change their attitude and actions to "battle" this bias (Metsola & Kuivalainen, 2021).

2.5 Synthesis of Theoretical Framework

The existing academic literature provides a useful foundation for the empirical part of this master's thesis. Firstly, looking at the various definitions of family business gives a perspective on what kind of combinations of family ownership and management in firms there are. Similarly, factors such as decision-making power, creating strategy, transgenerational intention or self-identification can make a business to be considered a family business. These different levels of management and ownership in firms indicate that family firms are heterogeneous, hence why scholars find it difficult to clearly define a family business. For this reason, the self-identification of a family firm remains elementary and will be used as a determining characteristic of the studied family firms.

Secondly, in the literature, there are several theories describing how companies internationalize. These theories describe the process of internationalization in different ways, based on the company's size, available and needed resources, speed of foreign expansion and its initiation, and lastly, regulating factors of this internationalization process. Nonetheless, it is often the case that companies do not internationalize according to one model only, but in a combination of elements from various models. However, these theories help in understanding the behaviour of firms when pursuing this strategic decision.

Moreover, there is also a difference in the internationalization of product manufacturing and service providing firms. Because of the consuming nature of these two categories and their tangibility and intangibility among other aspects, these firms are affected differently by several factors when it comes to decision-making in internationalization.

SMEs also internationalize for different reasons. Often, they are influenced by push or pull factors that come from the environment in which they operate. These factors can be both internal and external, and it is usually several of them that trigger the internationalization process. When it comes to small or medium-sized family firms, they can have a specific set of internal factors that would influence their decision. For example, the presence of second generations in management, international and long-term orientation, strong socioemotional wealth, or bifurcation bias can all help or hinder expansion intentions.

Additionally, many scholars support the Uppsala model as an internationalization pathway that family firms take. Nevertheless, recently new arguments against this point of view were found, for instance, that the internationalization pathway also depends on the business model of the family firm. All in all, a discussion about whether family firms internationalize more or less than non-family firms remains unknown as many findings are inconclusive.

In conclusion, based on the extant research, family firms internationalize rather the same way as non-family firms. Although, their unique family dynamics in management or ownership can create various challenges but also opportunities in the process and decision-making.

3 DATA AND METHODOLOGY

This chapter describes the primary empirical data that was collected and analysed to answer the research question. Furthermore, the data collection method, the data analysis method, and research ethics are presented here. This study uses qualitative research methods, in this case, semi-structured interviews, multiple case study and cross-case data analysis, to understand the phenomena more in-depth as it answers the questions of "what", "why" and "how". This type of questions helps to understand the underlying motives and process of family firm international behaviour and allows for discovering the influential factors that shape the decision to internationalize.

3.1 Data Collection

This master's thesis is a qualitative research study as it aims to understand the phenomenon of family business internationalization decisions rigorously. The qualitative data is therefore a suitable choice as it enables detailed studying. According to Patton (2002), qualitative methods as opposed to quantitative are not limited by standardized methods of analysis and therefore allow for more depth, openness and detail. However, in contrast with quantitative data, the qualitative data does not provide statistical significance and room for generalizability as it does not study large population samples. Rather, the outcome of qualitative research is detailed information obtained from a small sample to better understand the phenomena.

Ethical principles are also an important part of every research. Saunders et al. (2019) describe ethics as "standards of behaviour" (p. 252) that direct a researcher to manage the research in consideration of the rights of its participants. The utilization of ethical principles helps to avoid malpractice in collecting, processing, storing, and analysing both primary and secondary data. Ethical principles such as the risk of harm, obtaining consent, protecting anonymity, avoiding deceptive practices, and giving the right to withdraw are the fundamental basis for ethical research and its implementation (Saunders et al., 2019).

In this master's thesis, all respondents participated in the research voluntarily and were informed that the data provided by them would be treated anonymously. Acronyms were used for firm descriptions and any other information about the participants in this document was used with their consent. The data provided by participants were not altered in any way and were only used for the purpose of this study. Similarly, the secondary data acquired for this research were all cited and referenced to avoid plagiarism and exercise good academic practice with moral and responsible attitudes.

3.1.1 Selection Criteria for Case Firms

As the multiple case study approach was selected for this master's thesis, the choice of informants was fundamental. For the selection of cases, I relied on theoretical sampling which means that "cases are selected because they are particularly suitable for illuminating and extending relationships and logic among constructs" (Eisenhardt & Graebner, 2007, p. 27).

Consequently, the case firms had to fulfil certain criteria in order to become a representative sample. The first criterion that was crucial for a respondent firm to fulfil was to identify itself as a family firm. With this in mind, recognizing heterogeneity in family firms was important as heterogeneity is "the variation in family business behaviour and performance stemming from idiosyncratic combinations of goals, resources, and governance structures caused by varying degrees of overlap between the family and business systems" (Fang et al., 2019, p. 71). Henceforth, due to the reason that family firms are heterogeneous and there is not a common definition of a family business, I chose companies based on the self-definition criteria presented in the Diéguez-Soto et al. (2015) paper. Based on that, a firm is a family firm when senior management including a CEO and other managers, or the firm's owners perceive the firm as a family firm.

Secondly, as this study concentrates on small and medium-sized enterprises, the responding firms had to fit into this category. To determine the size of the firm, I followed the definition of SMEs provided by the European Commission. Essentially, for an SME, the maximum staff headcount is 250 and turnover is less than 50 million euros (European Commission, n.d., SME definition). Even though the responding companies were not all based in Europe, the definition can be applied universally.

Thirdly, regarding the status of internationalization, the selected responding companies had to meet one of the following conditions. A family firm has either:

1. expanded internationally,
2. is considering internationalization, or
3. considered internationalization in the past but did not internationalize.

Furthermore, when it comes to industry selection or the country of origin of the firm, the sample group was not deliberately limited to a particular country, region, or industry. Therefore, there is a variation of product and service firms from various business backgrounds and any prevalence of industries is simply coincidental. However, when it comes to country selection, I mostly utilized my own personal networks, hence one country may be more dominant in the number of case firms. In addition, to access the sample and the data, I utilized my prior knowledge of the approached firms that had a family background, the website of a family business association in Finland (Perheyritys. fi, n.d.), and lastly the social media such as LinkedIn and other websites and groups. To reach the particular family firms, I mostly send out e-mails or called by phone to the executives or other managers in relevant positions. In the cases where I could not determine the status of internationalization, I asked the companies about it to confirm that they would be a suitable case firm. Similarly, in some cases, I used the snowball sampling technique, which helped in identifying relevant case companies that possessed the desired characteristics relevant to my research.

3.1.2 Semi-structured Interviews

The method of choice for the data collection is semi-structured interviews. According to Saunders et al. (2019), a research interview is "a purposeful conversation between two or more people" (p. 434). Through the interview, the researcher can explore the studied phenomena in detail and ask for clarifications. According to Eisenhardt & Graebner (2007), it is one of the best ways for rich data collection mainly for phenomena that do not occur frequently. As internationalization is not a continuous event but rather sporadic, the qualitative data from the interviews can reveal elemental aspects of this process. Semi-structured interviews often have an interview guide where the main themes and questions are included. The interview guide (Appendix 1) helps to structure and organize the interviews to assist in answering the research question. In this case, it consisted of two main themes: the motives and process of internationalization. These themes were intended to help in discovering the determining factors for family firms to pursue an international expansion.

The interviews started with a verbal data protection agreement where interviewees consented to the recording of the interviews and were notified about how the provided data will be used. Afterwards, an introduction of the interviewee and a description of the interviewed family firm followed. In this part, I was looking for information about the role of the family in the business together with the ownership and management details.

Following, the motives, goals and objectives of internationalization were discussed with firms to determine the reasons behind pursuing international expansion. Afterwards, the initiation, process and entry mode type were also talked about. From this part, I was aiming to gain information about the needed resources and the role of the family in the process. Through these themes, the influential factors that shape the decision of a firm to internationalize or stay in the domestic market were discovered. Lastly, the interviewees were asked to share anything related to the topic that was not yet covered in the discussion.

Kontinen & Ojala (2010b) suggest that when conducting a study on family business internationalization, a researcher should involve more than one informant (e.g., an executive and another manager involved in internationalization) to eliminate prejudices resulting from individual viewpoints. Consequently, the initial plan was to interview more than one person from one organization however, due to limited accessibility, it was not realizable. Similarly, the overall experience of approaching family firms and requesting an interview proved to be more challenging than expected concerning receiving responses and agreeing to research participation. Nevertheless, to increase the validity and credibility of the research the interviewed informants were both family and non-family members across all selected firms.

Overall, the interviewed participants held positions in the firms such as chief executive officer (in some cases combined with the owner title), general manager, export manager, business and marketing specialist, development manager, production manager, public relations manager or sales and purchasing manager. The interviews were conducted online through the Zoom application in English, Slovak or Czech language and lasted from 30 to 60 minutes. The interviews were recorded, and afterwards, in some cases translated and transcribed manually or via Otter.ai. Notably, the data collection and data analysis were done simultaneously to determine the data saturation – the point where additional data does not provide any new information.

3.2 Data Analysis

This master's thesis is an inductive study as it aims to develop a theory from the collected data. It has an exploratory purpose with a realist philosophy that is suitable for researchers who try to understand the phenomena more in-depth. In this case, this approach helps to understand the reality from the views of the people involved in the family firm environment during the process of internationalization.

3.2.1 Multiple Case Study

Multiple case study as a research strategy provides possibilities to build the theory from the data gathered from selected cases. A case study is an investigation of the dynamics within a real-life environment (Eisenhardt, 1989). This refers to the interactions between the case subject and its context. The "case" in the case study may represent a person, a group, an organization or many other case subjects (Saunders et al., 2019). Case studies are often the descriptions of recent events, and each case serves as one analytic unit. Case studies provide contrasts, replications and extensions to the theoretical framework of the researched topic (Eisenhardt & Graebner, 2007).

Theory building process from case studies uses empirical evidence and involves revisiting the raw data, as well as both emerging and extant theory. Theory building from a case is objective, despite many views stating otherwise (Eisenhardt, 1991). The researcher's fidelity to the data allows for making honest and therefore objective conclusions. In addition, multiple case studies as opposed to single cases provide an opportunity to compare the data and determine if the emergent phenomenon repeats in other cases as well or is simply individual (Eisenhardt, 1991). Similarly, the emergent theory from multiple cases is more generalizable and testable (Eisenhardt & Graebner, 2007).

The emergent theory in a multiple case study is usually reported through sections of main themes and each theme found in the data is supported by empirical evidence. In addition, tables summarizing the evidence are often helpful to make the "story" clearer and can complement the presentation of findings (Eisenhardt & Graebner, 2007). In this master's thesis, the findings are presented via three main concepts which are the internationalization motives of family firms, the process of internationalization and finally, factors influencing the decision, as the main objective of this study is to find out what kind of determinants affect family firms to follow this decision. To summarize the main points and create a better picture of the subject, tables were also created.

3.2.2 Case Firm Profiles

ConstructionFirm, established in 2016, is a construction service family firm based in the Czech Republic that specializes in using wood as a construction material. The firm collaborates with a supplier who manufactures the buildings that the company later finishes for its customers. In addition, they provide real estate services directly to customers as a marginal business activity. Their competitive advantage in the domestic market is the fact that besides houses, the company builds apartment buildings from wood as well. The family firm is 100% owned and managed by the nuclear family. It is a small company (± 5 employees) where the 1st and 2nd generation is present. They consider themselves a family firm because a majority of employees belong to the family and in addition, the non-family members working in the company are family friends. ConstructionFirm has considered expanding internationally from the firm's inception, as the CEO/owner built the company to pursue the idea of wooden constructions, however, the expansion is still in the process of preparation. Their main reasons for considering international expansion are to grow the company both technology and profit-wise.

BeverageBusiness is a family firm from Slovakia that sells and distributes alcoholic beverages produced by their exclusive supplier. In their portfolio, one of the products stands out as one of the national beverages of the country. The family firm was established in 2002 and is owned by the CEO, a son of the company's founder, therefore the succession in the company already occurred and it is now the 2nd generation in management and ownership. It is a small company with 15-20 employees that mostly work in administration. BeverageBusiness considers itself a family firm because the 2nd generation has worked in the company since the very beginning and wanted to continue in the firm that their father built. Similarly, there is a desire to pass the firm on to the next generations. The firm considered internationalization from the times when the main product was created as they saw a global potential in it. Initially, they began exporting via enthusiasts living abroad who wanted to bring the product to foreign markets. However, the firm found out that this strategy does not work, and it developed its own export strategy which includes a careful selection of professional distributors who have experience with distributing alcoholic beverages. BeverageBusiness's main reason for internationalization is to build a strong and stable position for its brand in the world of alcoholic beverages.

BeerFirm is a manufacturer of craft beer based in Colombia. It is owned and managed by the 1st generation of siblings. They currently employ one person, hence the size of the company is around five employees. BeerFirm plans on exporting its product in the near future to build its brand globally and gain the first-mover advantage in exporting Colombian craft beer outside of the domestic market. The general manager of the company had an international vision from the beginning, however other family members were at first, reluctant toward the idea. The only limitation of not yet internationalizing is the time that it takes to obtain legal licenses for selling the product in foreign countries.

EngineeringSolutions, established in 2007, is mainly a business-to-business (B2B) company specializing in the design and implementation of integrated solutions in the field of industrial engineering in Russia. The company is a family firm because three generations of the family work there in various positions and there is a transgenerational intent. EngineeringSolutions has approximately 25 employees and it was founded by the CEO who has full ownership and decision-making power. The company employs both family and non-family members and creates trustworthy and transparent culture valued by all employees as well as customers and partners. Five years after the firm's establishment the family decided to relocate to Finland together with establishing a company subsidiary. The main reason for internationalization was to explore new opportunities for company growth and talent acquisition in a more stable market. Even though in the beginning the founder did not have internationalization plans, the policy and legislation changes in the domestic market limited the growth of the company. However, with sudden changes and a combination of multiple factors (high socioemotional wealth, cultural issues, etc.), family members were hesitant, and the company decided not to internationalize in the end.

ElectronicsBusiness, established in 2015, is a wholesaler and distributor of consumer electronics, phone accessories and home appliances based in Slovakia. It was founded in 2015 and it is now owned by a married couple. Since then, the company grew to approximately 10 employees. The firm has a family atmosphere that eases the decision-making process and similarly, it creates trust and stability between all employees. The founders of the company have always intended for it to become a global business because of its nature. The main objectives of operating outside of the domestic market were to grow customer base, network of partnerships and get more possibilities for growth also product-wise.

PackagingFirm is a producer of plastic containers and packaging for the food and consumer industries based in Slovakia. It employs around 70 people and was founded in 1992 by the current CEO. The company is owned and managed by the nuclear family. Since the company is situated in a small city, most of the employees know each other well, hence why the company also has a less formal family atmosphere. This is also passed on to network building and customer relationships. The idea of internationalization and export was initially not part of the strategic objectives of the company and the family members were sceptic, however, being part of the Visegrad group (V4 countries) and entering the European Union created opportunities for easy expansion. Nevertheless, the company is not actively seeking customers abroad, but it is rather the other way around. The biggest limitation for their further expansion is the current production capacity and lack of human resources.

AutoMeasure is a Finnish B2B manufacturer of measuring devices for building automation, established in 1987. It was owned by three siblings who succeeded the company from their father. The company was considered a family business from its inception until 2021 when it was sold. Nevertheless, the international vision was present from the beginning with the objectives to grow the company, diversify and reduce risk. However, the first internationalization opportunities emerged from the company's existing networks. AutoMeasure internationalizes in different ways. It is often the case that the company receives requests from abroad, henceforth it is easy to export there. Nevertheless, the company also actively pursues internationalization without prior requests from foreign countries. The main strategy is to find a partner in the host country who is a good match in terms of trustworthiness, transparency, and commitment. The CEO of the company, however, treats internationalization as a set of decisions that are done annually because every country is different as many factors play a role in the process.

FarmBusiness is a Finnish producer of cabbage leaves and cabbage rolls with roots of the company going back to the 1800s. The company supplies HORECA (foodservice industry including hotels, restaurants, cafés/catering) businesses in Finland but also sells its product through retail directly to consumers. The company is owned from the majority by a family who is also on the board of directors, and partially by the non-family CEO. The family members on the board of directors are the second generation of the family. The internationalization of this company started with requests from foreign customers that the firm accepted. Because of the lack of capacity in production, the company does not actively seek further export opportunities. Nevertheless, their strategy is to invest in expanding the capacity and afterwards explore new market possibilities also via networks and partnerships.

GlassFirm, established in 1994, is a manufacturer of custom-made slide doors, wardrobes, and glass walls based in Finland. It was found by a married couple and is currently fully owned and managed by the nuclear family. The competitive advantage of the business is a customization of the products mainly for B2B but also B2C customers. GlassFirm started thinking about expanding internationally in 2012, and three years later they began to plan it. After the retirement of one of the founders, the family firm started exporting to a neighbour country. The main motives for the expansion were growth opportunity and creating a strong position for the company in a more stable market. Currently, the family firm employs 48 people altogether in both domestic and foreign markets.

3.2.3 Cross-case Analysis

In the research where the unit of analysis is a case, a cross-case analysis is used for exploring similarities and differences between cases. A cross-case analysis can be characterized as a method of combining data from multiple cases as well as a tool for establishing broad generalizations. The objective of a cross-case analysis in evaluation is to find frequent and universal results from numerous cases (Mathison, 2005). In qualitative research, cross-case analysis helps with building theory from the data provided by the case informants.

The data analysis in this master's thesis was done as depicted in Figure 4 below. After the data collection and transcription of the interviews, I familiarized myself with the data by writing up case descriptions that included the information given by the informants as well as some of my observations and notes. Such within-case analysis provides a deep understanding of each case and allows for faster further comparisons across cases (Eisenhardt, 1989). Following, I compared the cases pair-wise and also collectively and simultaneously highlighted and categorized the recurring patterns and themes. These patterns were for instance terms such as partnerships, long process, gathering knowledge, close culture, etc. At the same time, I was looking for similarities and differences between the cases to find possible relationships between the concepts. Furthermore, from the recognized patterns I made conclusions and compared the emerged theory with the extant literature. Nevertheless, in the process of theory development, the pattern recognition and case comparisons were iterated multiple times for the unfolding findings to be comprehensive. Finally, the process of theory development terminates when the theory becomes saturated and there are no small additional enhancements to be made (Eisenhardt, 1989).

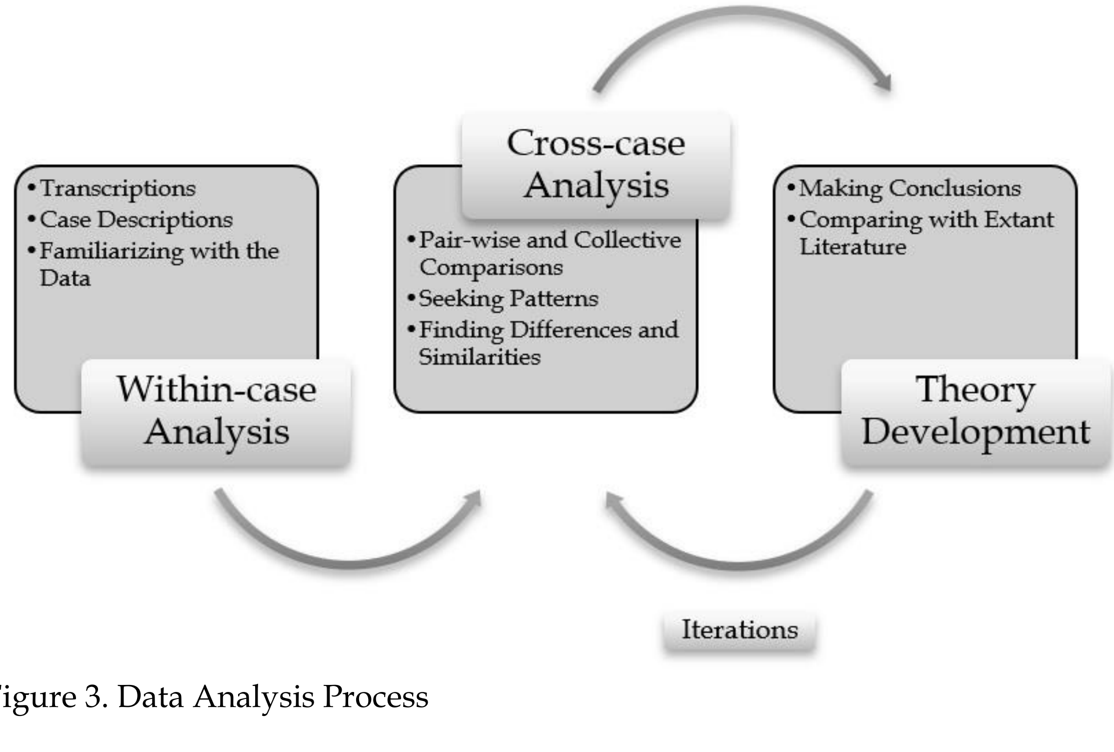

Figure 3. Data Analysis Process

4 RESULTS AND ANALYSIS

This chapter presents the findings collected and analysed from the empirical data. The results are presented categorically in line with the research objective and the main concepts of this study. To start with, I present the motives of family firms for international expansion followed by an examination of the internationalization process. Lastly, I summarize the main factors that play a role in the family firms' decision-making. The general findings are presented first and then I move on to family business-specific ones. The excerpts from the interviews are used to show data transparency and increase credibility.

4.1 Motives of Family Firms for Internationalization

The idea of internationalization for many family firms was present since their foundation. In the majority of the cases, the founder had an international vision for the company even before or during its establishment. The contributing factors were that the firms either saw the global potential in the product or the business industry itself. Henceforth, internationalization has been planned from the beginning or already executed. The CEO of ConstructionFirm states:

"It is something that has stayed with me from the beginning. In fact, since I came across the idea of constructing buildings using wood. Wooden buildings have roots in Austria, so getting to Austria has always been an interest of ours."

Nevertheless, in the case of AutoMeasure internationalization is not considered as only one decision but multiple decisions made over a period of time. The CEO of the company explains:

"We were international from the start of the company […] The decision to go international - we have done it many times, so, to me going international is not just one decision. We make these decisions annually because each country is different."

In contrast, for the other firms in the dataset, namely FarmBusiness and PackagingFirm, the initiation of the idea to internationalize was different, as they did not actively seek foreign expansion, but were rather contacted by foreign customers who requested an order from the family firm's products. Thus, opportunity recognition remains an important trigger of family firm internationalization. For PackagingFirm, internationalization was not something that they wanted to pursue, however, as the opportunity presented itself, they accepted the offer. Nonetheless, for FarmBusiness, further and more active internationalization is a part of their strategy after the investments in building the production capacity will be made, while on the other hand, PackagingFirm still seems reluctant to pursue this strategy in the future.

This brings us to the motives and objectives for internationalization that family firms have. It has been confirmed that there are usually several reasons that companies have for international expansion, and they are of different nature, including also pull and push perspectives. Nevertheless, in this dataset, the most common types of motives were market-seeking and strategic-asset seeking. The most common reason for international expansion is the firm's growth potential not only profit and customer-wise but in some cases, technology, or product-wise as well. Together with growth potential also goes search of new customers or suppliers. Several case firms stated that the market size limits the growth of the company, hence why they often opt to expand internationally. Namely, in this study, markets such as Slovakia or Finland are small. For example, ElectronicsBusiness states:

"So, for us, it was straight from the start that we are looking outwards and not in the Slovak market […] …bigger market, like many more customers, many more suppliers, many more possibilities for products, and if you have the chance to really search, you can find much better opportunities on this global market compared to limiting yourself in a country of 5 million people."

By the same token, the CEO of FarmBusiness adds:

"Finland is quite small, and volume is not growing, because I don't see that this product is that trendy - that it's not going to grow. I think it's quite stable in Finland."

In some cases, however, it is not only about searching for new customers but also those relevant to the company's offering. As discussed with ConstructionFirm, the domestic market can sometimes not only limit the firm's growth because of its size and low demand but also with its conservativeness towards new technologies or ideas, which in turn pushes firms to seek customers across borders.

Interestingly, another important reason for internationalization found in BeerFirm and BeverageBusiness was to strengthen or build the brand and stable product position on the global market. Notably, both of these firms wanted to give their products and brands national importance recognized also outside of their domestic markets. The general manager of BeerFirm points out…:

"…we have been creating a brand and we are looking to give our beer a national identity. […] with Mexico, you can for example mention the name of the country and you can already think about some brands that are well-positioned in the consumers' mind - that doesn't happen actually with products of Colombia."

…and BeverageBusiness's export manager adds:

"There was always the idea of creating a product that Slovak people will be proud of also abroad".

Principally, because of the nature of the industry where both BeerFirm and BeverageBusiness operate, product differentiation is important to create a competitive advantage to face strong competition. This can be considered a pull factor because firms respond to the competition and likely also internationalize to defend their position in the market.

For other firms, initiation of international expansion came later in the firm's life and was influenced by another significant motive found in two cases - seeking a more stable market environment. This motive belongs to the group of push factors and even though the two case firms operate in different domestic markets with significantly different economies and entrepreneurial opportunities, seeking stability via internationalization was common for both of them. To illustrate, EngineeringSolutions states…:

"So, in Russia, the environment is constantly changing. And it really depends on the legislations that are implemented, and they're changing all the time. So, it's really hard for the company to adjust. And as a small company, it's a blessing that now it exists for so many years, because companies die oftentimes, because they don't have governmental support. [...] …we wanted to move it to Europe to have the legally stable situation."

…and business development manager of GlassFirm continues:

"…we have faced downfalls in Finland. But we kind of wanted to get more stability if something bad would happen in the Finnish market. And even though Sweden is close and might have the same problems, the Swedish economy is really stable. It's a bigger economy than in Finland and they have a really good government that takes care of the buying volume of their inhabitants. So, in Sweden, the economy works really differently. So, we thought that we want to make our company stronger by expanding to other markets. I think that was a big reason."

As mentioned by GlassFirm, opening new markets can help a company to become "stronger". This is also greatly connected to another set of important motives for internationalization mentioned by AutoMeasure which are risk reduction and diversification. Specifically, the CEO of AutoMeasure explains in detail that creating revenue streams from different products sold in different countries helps not to be dependent on one product only:

"…there are so many factors playing a role when going international, but one interesting point is that in different countries, the product lifecycle, and level of technology are totally different. So going international is also to diversify and reduce risk to get revenue streams from different type of products - you are not only so dependent on one product…"

This motive is especially interesting because it is often the case that family firms consider internationalization as a risky strategic decision requiring a lot of investments and sometimes it can even threaten the family's control over the company. However, as we can see, internationalization can also help in reducing risk and strengthen the company's position and stability.

All in all, as depicted in Table 4, there are proactive and reactive motives that I identified from the studied family firms. The proactive motives often spark from the international orientation and vision of the firm's manager, founder, or owner, while the reactive motives stem from the response to the environment in which the firm operates.

TABLE 4. Proactive and Reactive Motives in Case Firms

Company	Proactive Motives	Reactive Motives
ConstructionFirm	Finding relevant customers; Growth potential	Domestic market conservativeness
BeverageBusiness	Global product potential; Strengthening brand position	Responding to competition
BeerFirm	Global product potential; Growth potential; Strengthening brand position	Responding to competition
EngineeringSolutions	-	Instability of domestic market environment
ElectronicsBusiness	Global industry potential; Growth potential; Strengthening brand position; Finding new suppliers	Domestic market size
PackagingFirm	-	Orders/requests from abroad
AutoMeasure	Reducing risk and diversifying	Orders/requests from abroad
FarmBusiness	Growth potential	Domestic market size, saturation; Orders/requests from abroad
GlassFirm	Strengthening brand position	Domestic market saturation and instability

4.2 Factors Influencing Internationalization Decision of Family Firms

Multiple factors shape the internationalization decision for family firms. Some of them can apply to non-family firms as well, but the others are rather specific to the "familiness" of these firms. Many of the factors were discussed as a part of the motives of firms for international expansion, and some of them are also implicitly expressed in the process of internationalization. Nevertheless, to paint a thorough picture of these influencing factors, I divide them into internal (company) and external (environment) and describe their facilitating or restraining potential on a firm's international expansion. The factors are listed and categorised in Table 5.

TABLE 5. Internal and External Influencing Factors

Internal Factors	External Factors
Availability of networks/middlemen	Political situation
Host market knowledge	Trade barriers/opportunities
New generation of employees and Risk aversion	Country-specific factors
The role of family/SEW and Bifurcation Bias	Psychic distance
Cultural background of the firm	Geographic distance
Availability of human resources	
Brand reputation	
Financial status and capital	

4.2.1 Internal Factors

The most crucial factor for pursuing internationalization was found to be the availability of networks. Both organizational and personal networks can help a family firm to expand. As was mentioned earlier, networks can provide opportunities to enter the new market by either bringing customers or partners to the internationalizing family firm. In turn, partners can provide support in many ways, for instance with legal assistance, sales, and marketing or bridging the cultural and language barrier. However, it is important to note that even though a firm may have existing networks within the domestic market, they are not helpful if they are managed locally. This was the case of EngineeringSolutions which developed valuable relationships with "big players" in the market, however, was unable to leverage these relationships into the Finnish market where the firm wanted to relocate. In addition, networks were also mentioned to give credibility to the business as in the case of ElectronicsBusiness's industry, firms often encounter fraudulent practices. However, in cases where networks are not unavailable, other institutions can help enter the market either by providing consultancy or funding but are not as helpful as other types of networks.

Another important factor that influences the decision is the knowledge about the host market. It is rather natural for firms to conduct market research, but it is also important to know how to use the information. For instance, when learning about consumer behaviour, legislation and restrictions, or logistics options, it is important to assess the host market's needs and eventually implement this information into strategic planning. As was mentioned earlier, even though firms may approach markets that they believe are culturally close, there may still be a need for product or brand adjustments based on customer behaviour. Similarly, if consumers prefer domestic companies, an internationalizing family firm may therefore seek a different type of entry mode or even decide not to enter the market at all. The host market knowledge and thorough market research can overall help in the suitable country selection.

Presence of new generations of employees whether a part of the family or not is also a factor that was observed in the data. While the theory of family firm internationalization states that the second generation in the family is more likely to pursue internationalization, it is not a rule, however, it is very likely to happen with the second generation in management because of gathered knowledge, experience, and capital. Moreover, both GlassFirm and PackagingFirm also expressed that with older generations there is also a lack of language skills and a strong aversion towards new, digital tools that nowadays make communication with foreign markets easier. This also leads to a certain level of risk aversion discovered in connection with older generations present in the company relating to all strategic decisions.

A very substantial part of decision-making in family firms is the role of a family and the socioemotional wealth of the company. Some firms reported that there was a certain level of scepticism towards internationalization from family members which made the decision-making more difficult and required a certain level of persuasion. It can be said that while support of family members towards the idea of internationalization is beneficial, clearly established positions in the company helped with the decision-making as well. When it comes to socioemotional wealth, some firms were resistant to hiring new external managers and losing control over the firm, especially when setting up a subsidiary. However, the majority of the firms did not see it as a threat and BeerFirm even mentioned:

"It is important for the company's success to hire expert people."

Putting other people in charge stems from the need to preserve the socioemotional wealth of the company owned and managed by the family. As suggested in the extant literature, high socioemotional wealth can lead to bifurcation bias that makes family firms employ unqualified family members. A non-family production manager of PackagingFirm pointed out:

"Of course, the children of the owner would not work in the production factory. […] Everyone from the family who did not find a job elsewhere ended up working in this company."

Furthermore, in firms with high socioemotional wealth, the data analysis revealed that the cultural background of the home country can be a contributing factor to the level of socioemotional wealth and bifurcation bias. This was most visible in the Russian (EngineeringSolutions) and Eastern Slovak (PackagingFirm) family firms whose culture values roots and traditions and where firms are more likely to have hierarchical organizational structures. Interestingly, other firms including those from other parts of Slovakia did not reveal high levels of socioemotional wealth that would hinder the process of internationalization.

Relating to hiring new experts, a need for relevant human resources is another factor that family firms look at. Not only they are needed to bring market knowledge and bridge language barriers as in the case of ElectronicsBusiness but also to do sales or oversee the internationalization process as managers. That is also why previous experience is a great asset and why both EngineeringSolutions and GlassFirm had hardships with talent acquisition in foreign markets.

Attracting new talent is also closely connected to the brand reputation of the company. If the firm has a strong position in the domestic market, it appears more trustworthy toward new talents but also partners. Similarly, participating in competitions worldwide or having recommendations, references or reviews from existing suppliers or other partners can strengthen the family firm's reputation on the global market.

Last but not least of the influencing factors are the financial status of the company and the availability of financial resources. Family firms from the majority want to fund their international expansion with firms' capital and therefore, expect the financial status of the company to be stable to allow room for potential risk. Similarly, financial capital is needed to cover the costs for instance attending exhibitions, advisory costs or obtaining international licenses and certificates or investing in production capacity to be able to serve both domestic and foreign markets.

4.2.2 External Factors

Besides internal, firm factors there are also external ones that affect the internationalization decision. One of the major obstacles to internationalization is the political situation in the world or the specific countries. Situations such as war conflict or Brexit were mentioned by several firms as possible factors deterring international expansion. Similarly, there can also be certain trade barriers such as tariffs, taxes or other hurdles when exporting to a new market. However, these barriers were eliminated in some cases, especially for firms from the European Union. For example, PackagingFirm stated that being a part of the European Union and V4 countries was definitely helpful when they received a request to export.

Host country-specific risks are also a part of the internationalization decision. Legislation and various international licenses and certificates including the time to receive them were mentioned by almost all companies as a substantial limitation to overcome. Furthermore, logistics options, level of technology and infrastructure are also contributing when talking about country-specific factors.

Lastly, the geographical and cultural proximity of a host country also play a large role. Close culture with the domestic market can indicate the same traditions and consumer behaviour. However, even when a country is a neighbour country, like in the case of EngineeringSolutions, there can still be a big culture clash, especially when searching for networks and the way that they work in different cultures.

4.3 Internationalization Process of Family Firms

4.3.1 Internationalization Pathway

The majority of the family firms in the dataset followed the traditional Uppsala model as a path to internationalization. This means that almost all companies decided to firstly expand to countries geographically and culturally close to the domestic market. The other firms who did not directly follow the traditional model of international expansion, however, still resembled some of its aspects but their internationalization was triggered differently, such as through requests from abroad. To illustrate, the CEO of FarmBusiness explained that expanding to Sweden is the easiest while GlassFirm also pointed out:

"I think when we were thinking about Russia, even though it's close, the culture is very different. So, like, all the styles for our products and everything, we were not quite sure if it was a match in that way. And, of course, I also think the language. We are situated on the west coast of Finland, where most of the Swedish speaking people live."

Several firms described internationalization as a long process that starts with years of preparation and finally gradual execution. In the preparation phase, firms describe the need for thorough market research and are seeking information about legislations in the host country to avoid possible fines or lawsuits, as well as logistics options and costs. They describe the internationalization process as step-by-step, incremental advancements of gathering knowledge and learning from experience that help them to develop this process further. For instance, as in the example of BeverageBusiness, over the years they realized that they needed their own export strategy and carefully selected distributors. The export manager gives a reason:

"Wrong choice of business partner can cause bad image for the company and hurt the product in the future when potentially finding a new distributor."

Nonetheless, in some cases, further internationalization is sometimes executed again through long preparation and planning phases or alternatively, the family firm just builds upon the gathered experience and contacts. This slow, gradual way of internationalizing may look like a cautious approach, however, it might be needed. To explain further, EngineeringSolutions mentioned that they failed to internationalize because they wanted to do this strategic change rapidly and therefore, they were not prepared.

For other firms, as mentioned earlier, international expansion starts through taking an advantage of the opportunity that comes through a network of customers or distributors who seek the products or services of the particular company. For example, AutoMeasure mentions:

"I would say that, in most of the cases, we are receiving requests, so, we are the one being contacted because our brand is quite well-known in the field of building automation. And in some cases, we see some potential in some country and then we are studying the market."

Important to note is that even though countries may be culturally and geographically close, it does not necessarily mean that the process will be seamless because every country differs at least in consumer behaviour. GlassFirm indicates that even small differences can play a large role:

"I think the cultural fit for Sweden was, of course, better. However, now, I feel like we shouldn't have maybe trusted it so much. Because now during our exports, we have noticed that there are still differences. And even though they are quite small, we have to acknowledge those and make our brand more towards the Swedish market."

Adjusting to a new market, brand or product-wise was also found in other firms, for example in FarmBusiness where the CEO explained that adjusting the taste of the product for certain markets is important. This information comes from the market knowledge gathered from market research or a local partner and firms must be able to use this knowledge to penetrate the new foreign market successfully to decrease the risk.

Furthermore, the most common entry mode for family firms was found to be export even though some of them also tried establishing a subsidiary. Export can be considered one of the easiest ways to enter the foreign market as it does not require large financial investments as opposed to other entry modes and there is not a significant loss of control for the family firm. From the majority, in order to export, family firms seek partnerships in the role of distributors or other alliances. Many firms described a partner as something crucial for them to enter foreign markets because partners provide knowledge, and it is easier to reach customers through them.

When choosing a partner, as BeverageBusiness earlier suggested, family firms have certain criteria for the selection, as they often also aim to create long-term partnerships, a suitable mutual fit and ultimately, a long-term presence of the product on the foreign market. Finding a suitable partner is an important part of the process and a deciding factor in how the internationalization will be conducted. To illustrate, AutoMeasure states:

"…the key is to find the right partner, and what is the right partner is also not that simple. It's about a cultural fit between companies. It's the financial stability of the partner. It's the technological know-how of the partner, it's their commitment - not only for the products but also how important is our company for their business."

Family firms have stated that having a partner company in host countries can help them in many ways. ConstructionFirm disclosed that when entering Austria, they would partner with a local firm because Austrian customers tend to prefer domestic companies and products over foreign ones. This way, a local alliance would help ConstructionFirm to gain credibility and build a customer base instead of fighting competition. In other cases, firms that were seeking partnerships simply stated that the local partner "knows the way of doing business" in the particular foreign country and can carry or share the risk involved in the process which is often preferred by family businesses.

This brings us to the ways how family firms find these partner companies. The most common way to approach agents, distributors or other partners was found to be via trade fairs and exhibitions where firms get a chance to present their products and meet other professionals to expand their networks. The second way, mentioned by GlassFirm and BeerFirm was via government organizations or other venture development companies that provide consultancy via experts for specific markets or other similar guidance when it comes to international expansion and growth.

4.3.2 Resources and Limitations

All of the responding firms explicitly or implicitly stated that networks are one of the most important resources to have when pursuing internationalization. Not only do they provide opportunities for internationalization itself but also provide partnerships through which foreign market knowledge and further networks can be gained. For example, the export manager of BeverageBusiness pointed out that after some years of operating in a certain market and due to increased volume in sales and strong position, bigger distributors operating in many markets approached them.

Another, substantial resource that can also provide knowledge about the foreign market is the human resources within the company. Especially in the case of ElectronicsBusiness, they gather market knowledge and approach new markets via hiring new employees that have the desired information based on their nationality and language skills. ElectronicsBusiness clarifies:

"First, we find the person and then we manage to really open the market. If we don't have someone speaking Greek here, it's not so easy to go into the Greek market, you can only go to a small extent. But, you know, in every country, people feel better when they have the chance to speak their own language. This happens also with suppliers, also with customers. And also, if someone is a local, knows better where to sell."

Another key resource in internationalization is financial capital. As mentioned earlier, there were some case firms, namely EngineeringSolutions and AutoMeasure that tried internationalizing via establishing a subsidiary. AutoMeasure describes:

"We have tried different entry modes and we found out the most suitable entry mode for us is a local partner, distributing partner, and we've tried a subsidiary once, but it's more difficult and it requires much more resources and for a family business, it would have changed our risk level. So, it wasn't that the risk level we preferred, so yes, resources may play a crucial role when choosing the entry mode."

However, even if a firm does not want to establish a subsidiary, there is still certain financial capital required for the expansion. Whether it is for the travel costs when growing networks at the trade fairs and exhibitions, hiring new people to gain market knowledge or doing market research and market visits, allocation of financial capital into internationalization is needed. However, to avoid risk, family firms often avoid investing large amounts of capital. BeverageBusiness says:

"It's not like we have a specific budget for a certain country. It's more about how much we sell - like the market earns for it and then we can invest our own money into further expansion accordingly. This is how it usually is."

Therefore, as it can be seen, family firms often tend to invest a firm's own capital rather than take on outside investments that would increase risk or decrease control over the firm. However, BeerFirm and GlassFirm did both seek investments from organizations in form of funds. In addition, some firms also mentioned that a bank loan was not completely out of the question, however, they prefer to invest their own capital when internationalizing to avoid debts.

Consequently, there are also some limitations that can hinder the internationalization process. Fundamentally, the lack of the abovementioned resources is a significant limitation. For instance, not having a financial capital or refusing to allocate it will decrease the opportunities for international expansion. Similarly, a lack of experience with exporting can also significantly hinder international expansion. For this reason, companies often hire new managers with the needed experience, and this was also confirmed in the case firms. Several firms hired new managers even outside of the family or were planning to hire them. GlassFirm also recognized that not having an export manager with valuable experience was a significant resource that they have been yet missing. Nonetheless, some other limitations can come from the external environment. Several firms have stated that the political situation in certain countries can prevent them from exporting there or finding suppliers. Similarly, some firms also encounter problems with transportation and logistics and consider it an obstacle especially when thinking about internationalizing to geographically more distant countries.

4.3.3 Family Business Status in the Internationalization Process

Being a family business in internationalization is both an advantage and a disadvantage. However, based on the empirical data, it can be said that it is more of an advantage as it adds value and helps family businesses in several ways. For example, a family member and export manager in BeverageBusiness said that when visiting a new market and introducing a product to HORECA businesses, it was often the case that these businesses appreciated the personal contact from the company founder's daughter. Similarly, ElectronicsBusiness stated that being a family business helps a company to gain trust in the market:

"…when you present yourself as a family business […] whenever we go to all those exhibitions, […] I think it adds some credibility and some more trust to our name - for some people, at least, that are paying attention to these details."

Besides, AutoMeasure also emphasized that being a family firm and cooperating with a partner that is also a small family firm played a large role in terms of company cultural match, trust, atmosphere, transparency, and building close friendship and lifelong relationships.

Simultaneously, a substantial number of family firms reported that because of the family owners and managers, there is a family atmosphere in the company that not only helps with external relationships but also the internal ones among employees and the management. For example, ConstructionFirm stated…:

"Our authorized builder became a part of our family…. this is the situation with our lawyers too, family firm just works like this."

… and EngineeringSolutions also adds:

"…And we would always be transparent with the employees and really direct […] we build trustworthy culture, I think this is what helps to remain transparent for suppliers as well."

This is rather important as trust can be considered an intangible capital. Trust between people leads to higher confidence in one another's actions, increases commitment to the company and therefore can allow for faster strategic changes (Kim & Mauborgne, 2015). Furthermore, a non-family manager from ElectronicsBusiness mentioned that mutual understanding among the family members in management helps to create a stable internal environment and makes decision-making easier and faster:

"Communication is good, the decision-making process is easier because trust between the family members is undeniable. It helps to create a stable environment for us non-family members."

Although this may be true, BeerFirm and BeverageBusiness experienced impulsive and emotional decision-making processes, however, not necessarily relating only to internationalization. Nonetheless, it is important to note that recognizing the roles of family members and delegating responsibilities helps with the emotional aspects to reach the decisions easier.

What is more, being a family firm was in one case also implicitly mentioned to be a possible disadvantage. AutoMeasure stated that sometimes suppliers or other partners can perceive certain risks in a family firm because of the strong positions of the owners in the company.

5 DISCUSSION

5.1 Research Evaluation and Implications

The following section places the research in context of the framework for assessing qualitative evaluations. The thesis provides a summary of extant literature on the topic of family firms/SMEs and internationalization. It also answers the question of what factors contribute to the decision-making process, what resources might be needed, and what the most common approach for these companies is. These findings can be used by the executives and decision-makers of family businesses to aid in the decision-making by gaining more information and eliminating bias. The objectives have been clearly defined and the conclusions reached were satisfactory to answer the research question(s). That is not to say that there is no more room for further research.

The context in which the companies decided to internationalize (timeframe, economic and/or geopolitical situation at the time) have not been retained in the paper and considered in detail since the main focus of the research has been on the internationalization as a family firm. While the external factors undoubtedly played their part in contributing to the final decision of whether to internationalize or not, the internal factors have been considered more influential.

Similarly, the study contributes to the research field as the family business internationalization requires more in-depth research and in addition, it provides rich data from multiple countries and backgrounds and therefore is not limited to one country's setting which increases research reliability and validity. However, the qualitative nature of the data collected might have been better supported by quantitative data if these were available. Due to the heterogeneous nature of family firms, it is also quite difficult to generalize these findings or apply them to a wider sample of family businesses.

Data sources have been selected on the basis of suitability and despite the fact that personal networks have been utilized, there is variety in the selection. As previously stated, the study would have benefited from contrasting responders' statements within the same company and had set out to do so at the onset; however, obtaining more than one executive's answers had been more trying than anticipated due to time-related and possibly other concerns of respondents. On the other hand, the decision to include not only the factors but also the process of internationalization had proven enriching in illuminating the relationship between the reasons and the reality of the internationalization process, i.e. the 'why' influencing the 'how'.

As to the clarity and coherence, explanations were provided where necessary and the quotations were firmly placed into a narrative with the results emerging as a natural conclusion of the analysis of the findings. Data collection and data analysis methods have been selected scrupulously and fit the timeframe and scope of the work. The interviews were conducted in several languages and my aim was always to translate the excerpts as accurately as possible. This fact, however, presents the possibility that part of the meaning or certain connotations might have been lost in translation. The platform chosen for conducting the interviews and the settings in which the interviewees found themselves allowed for some interruptions (i.e. delay and freezing), which might have once again contributed to miscommunication and forced me to fill in the gaps. These circumstances might have introduced some bias. It is pertinent to mention that the interviews themselves were nevertheless always conducted in settings where the respondents had privacy and enough time to freely express their perspectives.

As far as ethical principles are concerned, the ones defined at set-out have been upheld throughout the whole process. The interviews have been recorded for ease of recall and precision and viewed by the author only - they are not accessible to the wide public and are not a part of the thesis except in relevant excerpts. Since no identifiable characteristics of the companies were included, answering the main and clarifying questions posed no risk to the participants. In addition to that, participants have provided their answers voluntarily and had the right to withdraw any time prior to publication. Additionally, all relevant literature and articles have been cited.

5.2 Ideas for Further Research

The empirical part of this master's thesis studying motives, process and the factors influencing the internationalization decision mostly confirmed the findings of the extant literature revealing many similarities. However, it also revealed some new aspects such as the cultural background of the family firm having an impact on internationalization decision via socioemotional wealth as well as the fact that the status of the family business often helps firms in the expansion process. Because of an interesting result found in the relationship between the level of socioemotional wealth and the cultural background of the company, it is recommended to study family business internationalization in the context of Hofstede's cultural dimensions theory as it can reveal further underlying explanations of this phenomenon.

Similarly, the distinction between internationalization of product and service firms cannot be determined because the data collected was not sufficient to provide any conclusions. For this reason, future research can concentrate on studying particularly this aspect of family firms and compare the results.

6 CONCLUSION

In this master’s thesis, the focus was on studying how family firms internationalize. More specifically, the aim was to discover what are the factors that influence the decision to internationalize and what is the process of foreign expansion like. It was found that there are two sets of motives why family firms internationalize: reactive and proactive motives. Among the reactive motives, we can mostly find environment push factors such as small domestic market, saturation, conservativeness or instability, together with other motives such as offers from abroad and reaction to the competition. Proactive motives represent those factors that a firm initiates and they were found to be a global potential of the product or industry, growth potential, customer and partner search, strengthening brand reputation and reducing risk. These motives are in-line with the theoretical background of studied small and medium-sized enterprise internationalization.

Furthermore, it was found that the process of internationalization of family firms mainly follows the Uppsala model which indicates that family firms firstly expand to countries geographically and culturally close to the domestic market. They firstly acquire the knowledge and experience and then strengthen their commitments to the market and can further internationalize. In addition, the most common entry mode for family firms is export, as suggested by extant literature because of the preferred level of risk that it poses as opposed to e.g., establishing a subsidiary. Relating to export activities, family firms prefer to create partnerships or alliances with other firms, however, whether a partner is also a family firm is not a crucial condition in order to establish the relationship. Rather, family firms look at the company's cultural fit and common goals and therefore, it comes naturally that family businesses may be a better fit for each other. In like manner, being a family firm in the process was found to be rather helpful mainly to build trust and credibility in the new market. All in all, it was confirmed that family firms recognize internationalization opportunities via both active searching and accidental discovery.

To reach the other objective, factors of internal and external character were discovered to influence the decision of family firms whether to expand into the foreign market or not. Among the external factors are political situation, trade barriers but also trade opportunities, country-specific factors, and psychic and geographical distance. However, the more important focus of this study was to look closely at the internal factors. These factors were availability of networks, market knowledge, a new generation of employees and risk aversion, the role of family, socioemotional wealth and bifurcation bias, cultural background of the firm, availability of human and financial resources and brand reputation. While most of these factors were also found in the extant literature, one of them emerged from this study. The cultural background of the family firm was found to significantly influence the level of socioemotional wealth in family firms in which reluctance or failure towards internationalization was discovered.

To conclude, it can be established that like Arregle et al. (2017) claimed, there is not necessarily a substantial difference between how family or non-family SMEs internationalize. However, there are not only challenges that come with the status of being a family business but also opportunities that make the process easier although these opportunities often come later in the process. Essentially, when initially deciding whether to pursue internationalization, family firms may encounter a trade-off between economic and non-economic decisions, depending on their level of socioemotional wealth.

REFERENCES

Alkaabi, S. K., & Dixon, C. (2014). Factors affecting internationalization decision making in family businesses: An integrated literature review. *The Journal of Applied Management and Entrepreneurship*, *19*(2).

Andersen, O. (1997). Internationalization and market entry mode: A review of theories and conceptual frameworks. *Management International Review*, *37*(2), 27–42. https://www.jstor.org/stable/40228431

Andersen, P., Ahmad, S. Z., & Chan, W. M. (2014). Revisiting the theories of internationalization and foreign market entry mode: A critical review. *International Journal of Business and Commerce*, *4*(1), 37–86. https://www.researchgate.net/publication/267638765_Revisiting_the_Theories_of_Internationalization_and_Foreign_Market_Entry_Mode_A_Critical_Review

Arregle, J., Duran, P., Hitt, M. A., & Essen, M. van. (2017). Why is family firms' internationalization unique? A meta–analysis: *Entrepreneurship Theory and Practice*, *41*(5), 801–831. https://doi.org/10.1111/ETAP.12246

Arregle, J. L., Chirico, F., Kano, L., Kundu, S. K., Majocchi, A., & Schulze, W. S. (2021). Family firm internationalization: Past research and an agenda for the future. *Journal of International Business Studies*, *52*(6), 1159–1198. https://doi.org/10.1057/s41267-021-00425-2

Belniak, M. (2015). Factors stimulating internationalisation of firms: An attempted holistic synthesis. *Entrepreneurial Business and Economics Review*, *3*(2), 125–140. https://doi.org/10.15678/EBER.2015.030209

Berrone, P., Cruz, C., & Gomez-Mejia, L. R. (2012). Socioemotional wealth in family firms: Theoretical dimensions, assessment approaches, and agenda for future research. *Family Business Review*, *25*(3), 258–279. https://doi.org/10.1177/0894486511435355

Cavusgil, S. T., & Knight, G. (2015). The born global firm: An entrepreneurial and capabilities perspective on early and rapid internationalization. *Journal of International Business Studies 2015 46:1*, *46*(1), 3–16. https://doi.org/10.1057/JIBS.2014.62

Chrisman, J. J., Sharma, P., Steier, L. P., & Chua, J. H. (2013). The influence of family goals, governance, and resources on firm outcomes. *Entrepreneurship Theory and Practice*, *37*(6), 1249–1261. https://doi.org/10.1111/ETAP.12064

Claver, E., Rienda, L., & Quer, D. (2007). The internationalisation process in family firms: Choice of market entry strategies. *Journal of General Management*, *33*(1), 1–14. https://doi.org/10.1177/030630700703300101

Daszkiewicz, N., & Wach, K. (2014). Motives for going international and entry modes of family firms in Poland. *Journal of Intercultural Management*, *6*(2), 5–18. https://doi.org/10.2478/joim-2014-0008

Diaz-Moriana, V., Hogan, T., Clinton, E., & Brophy, M. (2019). Defining family business: A closer look at definitional heterogeneity. *The Palgrave Handbook* *of Heterogeneity among Family Firms*, 333–374. https://doi.org/10.1007/978-3-319-77676-7_13

Dibrell, C., & Memili, E. (2018). A brief history and a look to the future of family business heterogeneity: An introduction. *The Palgrave Handbook of Heterogeneity among Family Firms*, 1–15. https://doi.org/10.1007/978-3-319-77676-7_1

Diéguez-Soto, J., López-Delgado, P., & Rojo-Ramírez, A. (2015). Identifying and classifying family businesses. *Review of Managerial Science*, *9*(3), 603–634. https://doi.org/10.1007/S11846-014-0128-6

Dunning, J. H. (1988). The eclectic paradigm of international production: A restatement and some possible extensions. *Journal of International Business Studies 1988 19:1*, *19*(1), 1–31. https://doi.org/10.1057/PALGRAVE.JIBS.8490372

Dunning, J. H. (2001). The eclectic (OLI) paradigm of international production: Past, present and future. *International Journal of the Economics of Business*, *8*(2), 173–190. https://doi.org/10.1080/13571510110051441

Eisenhardt, K. M. (1989). Building theories from case study research. *The Academy of Management Review*, *14*(4), 532–550.

Eisenhardt, K. M. (1991). Better stories and better constructs: The case for rigor and comparative logic. *Academy of Management Review*, *16*(3), 620–627. https://doi.org/10.5465/AMR.1991.4279496

Eisenhardt, K. M. (2021). What is the Eisenhardt method, really?: *Strategic Organization*, *19*(1), 147–160. https://doi.org/10.1177/1476127020982866

Eisenhardt, K. M., & Graebner, M. E. (2007). Theory building from cases: Opportunities and challenges. *Academy of Management Journal*, *50*(1), 25–32. https://doi.org/10.5465/AMJ.2007.24160888

European Commission. (n.d.). *Family business*. Retrieved 2 December 2021, from https://ec.europa.eu/growth/smes/supporting-entrepreneurship/family-business_en

European Commission. (n.d.). *SME definition*. Retrieved 14 April 2022, from https://ec.europa.eu/growth/smes/sme-definition_en

Evers, N. (2011). Why do new ventures internationalise? A review of the literature of factors that influence new venture internationalisation. *Irish Journal of Management*, *30*(2), 17–46. https://www.proquest.com/docview/893091560?pq-origsite=gscholar&fromopenview=true

Fang, H., Kellermanns, F. W., & Eddleston, K. A. (2019). Empirical modeling in testing for family firm heterogeneity. *The Palgrave Handbook of Heterogeneity among Family Firms*, 69–85. https://doi.org/10.1007/978-3-319-77676-7_4

Fernández, Z., & Nieto, M. J. (2005). Internationalization strategy of small and medium-sized family businesses: Some influential factors. *Family Business Review*, *18*(1), 77–89. https://doi.org/10.1111/j.1741-6248.2005.00031.x

George, G., Wiklund, J., & Zahra, S. A. (2005). Ownership and the internationalization of small firms. *Journal of Management*, *31*(2), 210–233. https://doi.org/10.1177/0149206304271760

Gomez-Mejia, L. R., Cruz, C., Berrone, P., & de Castro, J. (2011). The bind that ties: Socioemotional wealth preservation in family firms. *Academy of Management Annals*, *5*(1), 653–707. https://doi.org/10.1080/19416520.2011.593320

Gómez-Mejía, L. R., Haynes, K. T., Núñez-Nickel, M., Jacobson, K. J. L., & Moyano-Fuentes, J. (2007). Socioemotional wealth and business risks in family-controlled firms: Evidence from Spanish olive oil mills. *Administrative Science Quarterly*, *52*(1), 106–137. https://doi.org/10.2189/ASQU.52.1.106

Gomez-Mejia, L. R., Makri, M., & Kintana, M. L. (2010). Diversification decisions in family-controlled firms. *Journal of Management Studies*, *47*(2), 223–252. https://doi.org/10.1111/J.1467-6486.2009.00889.X

Graves, C., & Thomas, J. (2008). Determinants of the internationalization pathways of family firms: An examination of family influence. *Family Business Review*, *21*(2), 151–167. https://doi.org/10.1111/j.1741-6248.2008.00119.x

Hennart, J.-F. (2021). Foreword 2: Reflections on the family firm internationalization literature. *The Palgrave Handbook of Family Firm Internationalization*, xxi–xxxvi. https://link.springer.com/10.1007/978-3-030-66737-5

Hennart, J.-F., Majocchi, A., & Forlani, E. (2019). The myth of the stay-at-home family firm: How family-managed SMEs can overcome their internationalization limitations. *Journal of International Business Studies*, *50*(5), 758–782. https://doi.org/10.1057/s41267-017-0091-y

Hollensen, S. (2016). *Global Marketing* (Vol. 0007). Pearson.

Hollenstein, H. (2005). Determinants of international activities: Are SMEs different? *Small Business Economics 2005 24:5*, *24*(5), 431–450. https://doi.org/10.1007/S11187-005-6455-X

Johanson, J., & Mattsson, L. G. (2015). Internationalisation in industrial systems — A network approach. *Knowledge, Networks and Power: The Uppsala School of International Business*, 111–132. https://doi.org/10.1057/9781137508829_5

Johanson, J., & Vahlne, J.-E. (1977). The internationalization process of the firm-A model of knowledge development and increasing foreign market commitments. *Journal of International Business Studies*, *8*(1), 23–32. https://www.jstor.org/stable/254397

Johanson, J., & Wiedersheim-Paul, F. (1975). The internationalization of the firm - Four Swedish cases. *The Journal of Management Studies*, 305–322.

Kano, L., Verbeke, A., & Johnston, A. (2021). Internationalization decisions in family firms: The impact of bifurcation bias. *The Palgrave Handbook of Family Firm Internationalization*, 3–35. https://doi.org/10.1007/978-3-030-66737-5_1

Kim, J.-J. (2018). The review on the theory of internationalization of multinational firms and SMEs. *East Asian Journal of Business Economics (EAJBE)*, *6*(2), 49–57. https://doi.org/10.20498/EAJBE.2018.6.2.49

Kim, W. C., & Mauborgne, R. (2015). *Blue ocean strategy, expanded edition: How to create uncontested market space and make the competition irrelevant*. Harvard Business Review Press.

Kontinen, T., & Ojala, A. (2010a). Internationalization pathways of family SMEs: Psychic distance as a focal point. *Journal of Small Business and Enterprise Development*, *17*(3), 437–454. https://doi.org/10.1108/14626001011068725/FULL/XML

Kontinen, T., & Ojala, A. (2010b). The internationalization of family businesses: A review of extant research. *Journal of Family Business Strategy*, *1*(2), 97–107. https://doi.org/10.1016/J.JFBS.2010.04.001

Kontinen, T., & Ojala, A. (2011). International opportunity recognition among small and medium-sized family firms. *Journal of Small Business Management*, *49*(3), 490–514. https://doi.org/10.1111/J.1540-627X.2011.00326.X

Kontinen, T., & Ojala, A. (2012). Internationalization pathways among family-owned SMEs. *International Marketing Review*, *29*(5), 496–518. https://doi.org/10.1108/02651331211260359/FULL/XML

Liang, X., Wang, L., & Cui, Z. (2014). Chinese private firms and internationalization: Effects of family involvement in management and family ownership. *Family Business Review*, *27*(2), 126–141. https://doi.org/10.1177/0894486513480885

Mathison, S. (2005). Cross-case analysis. In *Encyclopedia of Evaluation*. SAGE Publications, Inc. https://doi.org/10.4135/9781412950558.N129

Mazzi, C. (2011). Family business and financial performance: Current state of knowledge and future research challenges. *Journal of Family Business Strategy*, *2*(3), 166–181. https://doi.org/10.1016/J.JFBS.2011.07.001

Metsola, J., & Kuivalainen, O. (2021). International business decision-making in family small and-medium-sized enterprises. *European Journal of Family Business*, *11*(2), 72–79. https://doi.org/10.24310/ejfbejfb.v11i2.13842

Metsola, J., Leppäaho, T., Paavilainen-Mäntymäki, E., & Plakoyiannaki, E. (2020). Process in family business internationalisation: The state of the art and ways forward. *International Business Review*, *29*(2), 101665. https://doi.org/10.1016/J.IBUSREV.2020.101665

Metsola, J., Torkkeli, L., Leppäaho, T., Arenius, P., & Haapanen, M. (2021). Socioemotional wealth and networking in the internationalisation of family SMEs. *The Palgrave Handbook of Family Firm Internationalization*, 63–101. https://doi.org/10.1007/978-3-030-66737-5_3

Ojala, A., Rönkkö, M., & Peltonen, J. (2019). Contrasting internationalization paths of product- and service-oriented software firms. *Proceedings of the Annual Hawaii International Conference on System Sciences*, *2019-Janua*, 5348–5357. https://doi.org/10.24251/HICSS.2019.644

Oviatt, B. M., & McDougall, P. P. (1994). Toward a theory of international new ventures. *Journal of International Business Studies*, *25*(1), 45–64. https://www.jstor.org/stable/154851

Patterson, P. G., De Ruyter, K., & Wetzels, M. (1999). Modelling firms propensity to continue service exporting: a cross-country analysis. *International Business Review*, *8*(3), 351–365. https://doi.org/10.1016/S0969-5931(99)00009-8

Patton, M. Q. (2002). *Qualitative research & evaluation methods* (Third Edit). Sage Publications.

Perheyritys.fi. (n.d.). *Perheyritysten liitto*. Retrieved 29 May 2022, from https://perheyritys.fi/

Perks, K. J., & Hughes, M. (2008). Entrepreneurial decision-making in internationalization: Propositions from mid-size firms. *International Business Review*, *17*(3), 310–330. https://doi.org/10.1016/J.IBUSREV.2007.10.001

Pukall, T. J., & Calabrò, A. (2014). The internationalization of family firms: A critical review and integrative model. *Family Business Review*, *27*(2), 103–125. https://doi.org/10.1177/0894486513491423

Ratajczak-Mrozek, M. (2012). The network theory of companies' internationalization—the importance of relationships for international expansion. *Network Embeddedness: Part of the Palgrave Studies of Internationalization in Emerging Markets*, 153–189. https://doi.org/10.1007/978-3-319-56511-8_6

Rienda, L., Claver, E., & Andreu, R. (2021). Internationalisation and family involvement: A stewardship approach in the hotel industry. *The Palgrave Handbook of Family Firm Internationalization*, 37–62. https://doi.org/10.1007/978-3-030-66737-5_2

Saunders, M., Lewis, P., & Thornhill, A. (2019). *Research methods for business students*. Pearson Education, Limited.

Shanker, M. C., & Astrachan, J. H. (1996). Myths and realities: Family businesses' contribution to the US economy- a framework for assessing family business statistics. *Family Business Review*, *9*(2), 107–123. https://doi.org/10.1111/J.1741-6248.1996.00107.X

Sharma, P. (2004). An overview of the field of family business studies: Current status and directions for the future. *Family Business Review*, *17*(1), 1–36. https://doi.org/10.1111/J.1741-6248.2004.00001.X

The Economist. (2015). To have and to hold. *Vol. 415, Iss. 8934*, 3–5. https://www.economist.com/special-report/2015/04/16/to-have-and-to-hold

Uhlaner, L. M. (2005). The use of the Guttman scale in development of a family orientation index for small-to-medium-sized firms. *Family Business Review*, *18*(1), 41–56. https://doi.org/10.1111/J.1741-6248.2005.00029.X

Welch, L. S., & Luostarinen, R. (1988). Internationalization: Evolution of a concept. *Journal of General Management*, *14*(2), 34–55. https://doi.org/10.1177/030630708801400203

Westhead, P., Wright, M., Ucbasaran, D., & Martin, F. (2001). International market selection strategies of manufacturing and services firms. *Entrepreneurship & Regional Development*, *13*(1), 17–46. https://doi.org/10.1080/089856201750046793

APPENDIX 1 Semi-Structured Interview Guide

1. GDPR Agreement/Non-disclosure Agreement

2. Introduction
    a. What does your company specialize in?
    b. What is your position and position of other family members in the company?
    c. How would you describe your company as a family firm?

3. When did you first start thinking about internationalization and why?
    a. What did/do you aim to gain from internationalization (e.g., motives such as growth potential, new customers, etc.)?

4. What did/do family members in the company think about international expansion?
    a. How did/does it affect the firm's decision?

5. Can you describe the process of your firm's international expansion?/How did/do you plan to execute this international expansion?
    a. What role did/does the family background play in the process (e.g., values, goals)?
    b. What do you think was/is the most important factor(s) influencing your decision (not) to expand internationally?
    c. Why was/is it the most important factor(s)?

6. What were/are the most important resources that you needed?
    a. How did/will you acquire them?
    b. Did/Does anything (e.g., lack of those resources) limit the internationalization process?

7. Do you wish that you have done something differently?

8. Is there something that we have not covered that you think would be interesting or important for my research?