

## **Social Capital and Values in the Internationalization of Family Firms: A Multi-Country Study**

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## **Social capital and values in the internationalization of family firms: a multi-country study**

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### **ABSTRACT**

The study concerned social capital (SC) within the internationalization of family firms (FFs). We studied FFs from three countries of origin, with differing family structures (Finland with *absolute nuclear* families, France with *exogamous* families, and Taiwan with *authoritarian* family structures), each operating in three foreign markets / cultural contexts. We also had a recent study on the role of family structures on FF internationalization (Arregle et al., 2019) as a starting point and applied literature on bifurcation bias (BB), specifically family values (Verbeke et al., 2019). Our interview data highlighted that different family structures were linked to inherited SC and that the value of conservation played an important role in FF international networking behavior. The Taiwanese FF based its decisions more strongly on tradition (related to religion and culture) and security than the Finnish and French FFs, in which conformity related to the protection of family members was the strongest family value influencing international networking.

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## 1. INTRODUCTION

Social capital (SC) plays an important role in the competitive success of firms (Burt, 2019). The role of SC is especially important for smaller and family firms (FFs; see e.g. Johanson & Vahlne, 2009). FF SC is characterized by high levels of trust, closeness, and duration (Arregle, Hitt, Sirmon, & Very, 2007; Roessl, 2005; Salvato & Melin, 2008; Zellweger, Chrisman, Chua, & Steier, 2018). However, little is known about how FFs build and develop SC overall, especially in the context of internationalization, although SC overall has been proved to be an especially important research area for FF internationalization (Arregle, Naldi, Nordqvist, & Hitt, 2012; DeMassis, Frattini, Majocchi & Piscitello, 2018; Graves & Thomas, 2008; Hennart, Majocchi, and Forlani, 2019; Kampouri et al., 2017; Leppäaho & Metsola, 2020; Metsola, Leppäaho, Paavilainen-Mäntymäki & Plakoyiannaki, 2020; Kontinen & Ojala, 2010, 2012; Pukall & Calabro, 2014; Zellweger et al., 2018). SC ties can be categorized as either strong or weak (Granovetter, 1973). Both strong and weak ties are needed in internationalization, but strong ties typically take pride of place in the case of FFs (see e.g. Kontinen & Ojala, 2012).

Recently, among the scholars of FF internationalization, there have been two novel approaches in relation to FF internationalization: (i) discussion on the role of *family structures* (Arregle et al., 2017; Todd, 1985); and (ii) discussion on the role of family and non-family assets and basic human and cultural values related to *Bifurcation Bias* (BB; Schwartz, 1992; Verbeke & Kano, 2012; Verbeke et al., 2019). Both of these discussions are still on a rather conceptual level

and empirical studies have been called for (Arregle et al., 2017; Arregle et al., 2019; De Massis et al., 2018; Hennart et al., 2019; Metsola et al., 2020; Verbeke et al., 2019).

Indeed, in a recent article, Arregle, Hitt, and Mari (2019) noted that there are different family structures (involving e.g. an *egalitarian*, *authoritarian*, or *absolute nuclear* family) in different cultures and parts of the world. They argue that these are of critical importance for understanding differing FFs' internationalization strategies, calling for studies combining a range of cultural contexts and family heritages to shed new light on FF internationalization (Arregle et al. 2019). On the side of internationalization studies, Terjesen, Hessels, and Li (2016, p. 300) have asked for studies from different countries and cultures of origin, arguing "an appreciation of similarities as well as fundamental differences enables scholars to develop better theories to explain conditions that help or hinder entrepreneurial activity in different countries as well as the implications of entrepreneurship."

The BB approach, as per definition by Verbeke and Kano (2012) and by Kano and Verbeke (2018), is related to the family-oriented behavior of FFs towards human and non-human resources, including relational assets. Family values play an important role in the shaping of strategies. However, there is a gap in the literature regarding how such values may influence the internationalization of FFs (Yuan & Wu, 2018). Verbeke et al. (2019), adapting Schwartz's theory, explained how FF values are linked to BB. FF values can be categorized as (i) openness to change, (ii) self-enhancement, (iii) self-transcendence, and (iv) conservation (Verbeke et al., 2019). Here we set to investigate the aspect of values in relation to BB.

The aim of this study is to shed light on FF internationalization and their networking in special by studying FFs with different countries of origin (Terjesen et al., 2016) and family

structures (Arregle et al., 2019) through the human and cultural values (Schwartz, 1992; Verbeke & Kano, 2012; Verbeke et al., 2019) in the context of building SC in the international markets.

In addressing our research questions *How do FFs develop social capital in their internationalization? How is their internationalization behaviour related to family structures and human and cultural values?* we conducted an in-depth study of three FF cases, one from Taiwan (TAI), France (FRA), and Finland (FIN). As per the definitions given by Arregle et al. (2019) (please see section 2.2), they represented different family structures, categorizable as an *absolute* nuclear family (the Finnish case); an *exogamous* family (the French case); and an *authoritarian* family structure (the Taiwanese case).

When studying FFs with different family structures we found that the differences in the international networking behavior of FFs were related to *values* bound up with BB and their historically and culturally bound family structures. Weak SC ties played an important role in the first phases of internationalization for all the case firms, in spite of differing family structures and traditions. In the case of the Finnish and French cases, the post-entry networking behavior was linked to conformity (related to abidance by rules, obligations and respectfulness for parents) and sometimes to security (related to the protection of family members). By contrast, in the case of the Taiwanese case, there was an emphasis on tradition related to religion and culture, and security was visible more strongly than it was for the Finnish and French cases. Here, we can see that the family structures influenced on the building of SC abroad, through different values they cherished in this family structure.

We contribute to the discussions on FF international networking (Arregle et al., 2019; Kampouri et al., 2017; Kano & Verbeke, 2018; Kontinen & Ojala, 2010, 2012; Pukall & Calabro, 2014; Yuan & Wu, 2018) by showing that what seemed to make a difference in the international

networking behavior of FFs from different countries and family structures derived from values. The value which drove the international networking behavior was conservation, which encompasses conformity, security and tradition. The Finnish and French cases were linked more to conformity, whereas the Taiwanese case demonstrated more security and tradition values since Taiwanese societal values are more conservative compared to the European ones. We demonstrate the importance of values and we stress that it will be useful also in the future to further delve into values of FFs to enhance our understanding of their heterogeneity in networking.

This chapter begins by an analysis of literature on FFs' SC, values and BB and FF structures and how those influence internationalization. This is followed by the methodological choices of this study. We continue on to present the empirical evidence of this study by illustrating the mechanism between SC, BB and family values. This chapter concludes by presenting the key contributions of our study.

## **2. THEORETICAL BACKGROUND**

Nahapiet and Ghoshal (1998, p.243) define SC as “the sum of the actual and potential resources embedded within, available through, and derived from the network of relationships possessed by an individual or social unit.” Members of a network can develop ties that assist in the exchange of resources and knowledge. The strength of ties (i.e. strong or weak) has been a topic of interest to scholars in sociology, especially in terms of how to comprehend the flow of information (Granovetter, 1973; Lin, Ensel & Vaughn, 1981). There has been debate on whether strong and weak ties can be perceived as similar or as different entities (Dubini & Aldrich, 1991; Uzzi, 1997; Hite, 2003), and on how relationships differ between strong and weak ties (Aldrich & Zimmer, 1986).

Previous studies have linked the strength of ties to various perspectives such as *closeness* (Marsden & Campbell, 1984), *trust* (Elg, 2008; Jack, 2005; Morgan & Hunt, 1994; Singh, 2000), *mutual respect* (Jack, 2005), and *commitment* (Hite, 2003; Morgan & Hunt, 1994). It has been noted that over-concentration on the frequency and duration of strength of a tie can lead to inaccurate results (Marsden & Campbell, 1984); hence those measures were not applied in the present study. We followed a modified definition drawn from Söderqvist and Chetty (2009), viewing the characteristics of a strong tie as linked to *closeness*, high levels of *trust*, *mutual respect*, and *commitment* between the actors. Conversely, a weak tie can be characterized as “a superficial tie not yet based on strong trust [in which] the parties do not know each other well and are not emotionally close to each other” (Söderqvist & Chetty, 2009, p.9). One of the main advantages of weak ties is that they offer access to information and new ideas, whereas strong ties may offer more obsolete and less necessary information (Granovetter, 1973). Weak ties can link networks that are disconnected, in contrast to strong ties, which primarily link well-connected networks (Granovetter, 1973). Moreover, weak ties can be more effective, insofar as they allow actors to search more broadly and distantly for other networks, resulting in more alternatives within the business environment (Hansen, 1999).

Individuals tend to have a limited number of strong ties due to the high maintenance costs and the time required to develop close ties (Singh, 2000). By contrast, weak ties require less time and cost to be maintained, allowing individuals to keep up a large number of such ties. Weak ties are beneficial since they can offer valuable and unique information to an entrepreneur (Granovetter, 1973; Singh, 2000). Weak ties can be described as bridges to information, something that is not available within an entrepreneur’s strong ties (Granovetter, 1973).

On the other hand, strong ties are linked to emotional bonds and to high levels of trust. In strong ties, trust is based on mutual experience and cooperation; hence, it should be perceived as a continuous investment in learning among actors. The formation of trust is associated with a general reputation for trustworthiness among the partners; this allows a given firm to deal with partners on the basis of previous experience, having awareness also that it will be a strategic disadvantage to behave opportunistically (Elg, 2008). Thus, trust enhances the willingness of actors to offer advice and to provide valuable information (Singh, 2000). Information flow can be faster and more reliable when there are strong ties (Granovetter, 1985). Nevertheless, entrepreneurs who rely primarily on strong ties may miss opportunities when they scan the environment, since the information they receive will be more local, and possibly biased.

FFs tend to form networks – bridging SC ties – with other FFs, and less frequently with non-FFs (Graves & Thomas, 2004; Roessl, 2005). This could be explained by their inner bonding capital, which exists in a particularly strong form – a point related to the building and developing of bonding SC (Salvato & Melin, 2008). Unification of ownership and management leads to strong bonding capital (Salvato & Melin, 2008). In such cases, the aspirations and capabilities of family members are reflected in the FF; furthermore, the strategy, operations, and administrative structure are influenced by the social elements of the FF. Overall, one needs to be aware of the extent to which FFs emphasize personal relationships and focus on interpersonal trust (Roessl, 2005).

### *2.1 Values and Bifurcation Bias*

Bifurcation Bias (BB) can be described as a behavioral orientation of FFs towards human and non-human resources, including relational assets (Verbeke and Kano, 2012; Kano and Verbeke, 2018). According to Verbeke et al. (2019, p.3), “family-based resources are linked to



family firm owners' identity." They see these resources as encompassing a range of assets, classifiable as human, physical, or non-physical in nature. As the researchers see it, resources that are not part of the identity and the history of the family should not be perceived as family resources.

When family-based resources are perceived as unique and valuable, and when non-family based resources are perceived as (merely) a commodity, BB occurs (Verbeke et al., 2019). It is important to note that – viewed through the lens of the BB – human resources (chiefly family members) are seen as loyal and committed to safeguarding and promoting the goals of the firm. Non-family members are seen as having no such loyalty, and as being self-centered in their interests (Verbeke et al., 2019). Other studies (e.g. Chua, Chrisman & Bergiel, 2009) have shown the negative influence of BB, for example non-family members felt that the family members treated them unfairly in performance evaluation and in terms of compensation.

In a more recent work of Kano and Verbeke (2018) assets were linked to physical assets, network relations, etc. BB can be observed when two instances occur: i) family related assets are perceived as heritage assets, in other words those are unique and add value, whereas ii) non-family assets are perceived as commodity-type assets, in other words those can be found easily in markets and they do not offer any advanced add value (Kano and Verbeke, 2018). Another challenge that emerges in FFs when the BB occurs is their prevention from “seeking and engaging complementary resources of external actors” during internationalization decisions (Kano and Verbeke, 2018, p.168). In our study we extend those views by examining how BB influences the internationalization of FFs with the use of the SC spectrum (i.e. network relations and ties).

Schwartz (1992) developed a theory related to the basic human values, such as self-direction, achievement, power, security, etc., which can be linked to the personality of an

individual and show how individual idiosyncrasies are described with societies. Verbeke et al. (2019) adapted Schwartz's theory and explained how FF values are linked to BB. FF values can be categorized as including (i) openness to change, (ii) self-enhancement, (iii) self-transcendence, and (iv) conservation (Verbeke et al., 2019). Family values play an important role in the shaping of strategies. However, there is a gap in the literature regarding how such values may influence the internationalization of FFs (Yuan & Wu, 2018). There seems little doubt that FF values are associated with BB (Kano & Verbeke, 2018; Verbeke et al. 2019); also that the personality of the owner of the FF may increase the possibilities for BB to occur (Kano & Verbeke, 2018), with consequences for internationalization behavior.

For the purpose of our study we focused on the *conservation* FF values. These include *security*, *conformity*, and *tradition*. *Security* encompasses both personal and societal security, with personal security being related in particular to the protection of family members. *Conformity* highlights the respect of a new generation of family managers towards their parents, and the adherence of family members to rules. *Tradition* is a value related to the preservation of the family, and the importance placed by family members on traditions related to religion and culture (Verbeke et al., 2019). We decided to focus on the *conservation* FF values since those may affect the most the internationalization of FF and can offer interesting insights how FFs' internationalization decisions can be hindered or facilitated. *Conservation* values can be perceived as an explanatory factor of the BB occurrence.

Current literature has not examined how the strength of ties could be linked to (or in conflict with) BB. We do not know how the strength of ties can influence the values of FFs when they decide to internationalize, or in their post-entry operations, although this has been mentioned by

other scholars as a promising topic (e.g. Verbeke et al., 2019). This study sought to offer insights into this emerging theme.

## 2.2 Family structures

The *family structure* can shed light on how FFs internationalize (Arregle et al., 2019). In our study we took note of the four family structures of the *authoritarian family*, the *exogamous community family*, the *absolute nuclear family*, and the *egalitarian nuclear family*. Arregle et al. (2019, p.9) write of the *authoritarian family* thus:

[This family structure facilitates] the successful inter-generational transfer and preservation of the wealth within the family, creating salient inter-generational perspective. It strongly facilitates the family leader's ability to inherit SC and strategic knowledge from the previous generation.

The *exogamous community family*, for its part, has values that are linked to the egalitarian and symmetric values of the family relationships. In addition, there is strong density and closure of the family network, along with a strong sense of authority, and co-dependency of parents with their children; the FF has an important and central role to the family (Arregle et al., 2019).

The *absolute nuclear family* is characterized as being more liberal, and as having low levels of egalitarianism. The family members frequently decide not to work in the FF, with the likelihood that they will be more independent and follow career paths outside the FF. In general, there is weak attachment to the FF (Arregle et al., 2019).

Finally, an *egalitarian nuclear family* is characterized by the stability of the relationship: the family members have strong SC, with the older generation desiring to pass the FF on to the new generation (Arregle et al., 2019).

Family structures, in conjunction with BB and strength of ties, can offer interesting insights into how FFs internationalize, and how their decisions may be influenced. Figure 1 encompasses the objectives of our study and highlights the mechanism between the different aspects mentioned earlier.

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INSERT Figure 1 HERE

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### 3. METHODOLOGY

The objectives of our research were related to understanding the behavior of a firm rather than to quantitative measurement (Jack, 2005); hence, a qualitative research method was regarded as most appropriate for this study. This approach provides “understanding of what really goes on in networks; provides more knowledge about the content of network relations; the processes involved; how networks evolve, change and develop over time” (Jack 2010, p.120). We used a multiple case study method, similar to the approaches introduced by Eisenhardt (1989), and by Eisenhardt and Graebner (2007). In following this approach we conducted in-depth interviews with the founders of the FFs, or with a family member who ran the business, and with international business managers.

Table 1: Background on FFs

<b>Case Firm</b>	<b>% family ownership</b>	<b>Year of establishment</b>	<b>Generation(s)</b>	<b>Product</b>	<b>Start of internationalization</b>	<b>Three most important foreign markets (on the basis of sales %)</b>	<b>Operation modes in main markets</b>
<b>FIN</b>	100	1978	2 <sup>nd</sup> and 3 <sup>rd</sup>	Environmentally	1987	Sweden, Netherlands, France,	Exporting via distributors

				friendly paints			
<b>FRA</b>	100	1864	4 <sup>th</sup>	Paints & decorative coating	1984	Japan, Russia, USA	Exporting via distributors (creation of a subsidiary in Japan in 2008) (creation of a subsidiary in Russia in 2009)
<b>TAI</b>	100	1986	2 <sup>nd</sup>	Paint brushes & paint rollers	1999	Thailand, Malaysia, Germany	Exporting via distributors

In this study, an FF was defined as a firm in which the family (i) controlled the largest block of shares or votes, (ii) had one or more of its members in key management positions, and (iii) had members of more than one generation actively involved with the business. This definition is based on the two criteria of ownership and management presented by Graves and Thomas (2008) and is consonant with the notion of continuity presented by e.g. Zahra (2003).

We selected the *main market entries* as the context of the Foreign Market Entry (FME) (see Table 1). This allowed investigation of the FME in a context that would be similar for all the firms, in terms of the most important FMEs as described by the interviewees. Those markets consisted of those that had the largest foreign sales and the largest number of ties. We followed Yin (1994) in selecting cases in which the phenomenon studied was transparently observable. We used a purposeful sampling in order to help us to narrow down the population of the sample (Poulis, Poulis & Plakoyiannaki, 2013). It allowed us to stress “the need for a theory-driven selection of cases along with a consideration of contextual idiosyncrasies” (Poulis et al., 2013, p.310). Here, it should be borne in mind that the geographical location of internationalizing entrepreneurs largely dictates their foreign sales ratios, and the number of countries in which they internationalize (Zander, McDougall-Covin, & Rose 2015).

The research context was interesting, since all the case firms were occupied with painting (paints and decorative coatings, or paint brushes and paint rollers); also, because the countries differed in terms of culture, size, geographical location, and family structure. We focused on a single industry (i.e. paint industry) to control the industry effects on internationalization (Reuber & Fischer, 1997).

### *3.1 Data collection and analysis*

The choice of informants (i.e. the choice of actors) was driven by conceptual questions and not by their “representativeness” (Miles & Huberman, 1994, p.29). The best approach in seeking to limit interview data bias is to choose informants who view the observed phenomena from different angles (Eisenhardt & Graebner, 2007). We took the view that the objectives of the research would be best served by interviews with the founders of the FF, or with family members who worked in the firms, or with persons in managerial positions.

Gaining access to, and selecting the appropriate number of informants, is challenging and complex. It becomes even more challenging if the researcher does not have personal business contacts, and more specifically, access to business executives (Welch et al., 2002; Harvey, 2010). In the present case, the selection of business executives was based on their involvement with the internationalization decisions of the FF. We used two approaches to make contact with the business executives in the selected FFs: sending cold emails to possible case firms; and using our personal networks to gain access.

In total, nine interviews were conducted with founders, family members, and managers of Finnish, French, and Taiwanese FFs. There were either one or two informants from each firm. The interviews lasted from 11 minutes to two hours (see Table 2) conducted in Finnish, French and

English. These were transcribed by professional translators in English in order to ensure consistency during data analysis process.

Table 2: Interviews and informants

Firm	Number of interviews and duration	Informant(s)
FIN	3 interviews; 165 minutes First interview: 63 minutes Second interview: 57 minutes Third interview: 45 minutes	CEO (2 <sup>nd</sup> generation); Sales Manager (2 <sup>nd</sup> generation); Sales Assistant (3 <sup>rd</sup> generation)
FRA	3 interviews: 107 minutes First interview: 11 minutes Second interview: 60 minutes Third interview: 36 minutes	CEO (4 <sup>th</sup> generation)
TAI	3 interviews: 160 minutes First interview: 45 minutes Second interview: 70 minutes Third interview: 45 minutes	Sales Manager (2 <sup>nd</sup> generation)

We analyzed SC, through strong and weak ties, within the three case firms by first conducting a within-case analysis, followed by a cross-case analysis. We based our cross-case analysis on (i) the strength of ties in the initial FMEs, and (ii) the strength of ties in the post-entry operations, plus their relatedness to BB and to family values and structures.

We used NVivo 12 to analyze the data, seeking thus increase the trustworthiness of the qualitative research (Sinkovics, Penz & Ghauri, 2008). In addition, direct quotes were used to support the findings, and to illustrate the “underlying phenomena” which our study was attempting to illuminate (Sinkovics et al., 2008, p.695). We followed Miles and Huberman’s (1994) axial coding system in applying categories and concepts to the empirical data (seeking thus to increase the depth of the categories). The categories included themes related to: *strong ties*, *weak ties*, and *family values*. These categories appeared to be crucial for analyzing the FMEs of the examined FFs. The coding used to classify ties and family conservation values was as follows:

- *Strong ties*: trust, loyalty, friendship, trusted family member
- *Weak ties*: lack of trust, met via trade exhibition for the first time, new partner
- *Security*: family member wanted to protect the new generation, protection from potential buyout
- *Conformity*: family members respecting their parents, agreeing with the decisions of their parents out of respect
- *Tradition*: retention of the FF for family members, decisions taken on the basis of cultural traditions

### *3.2 Case Profiles at the Time of the Interviews*

#### **FIN**

FIN was a 100 % family-owned manufacturer of paints, established in 1978. At the time of the study it was managed by second-generation siblings, one being the CEO and Chairman of the Board, and the other the Business Director. Internationalization had started with sales to Sweden in 1987 and expanded to the Netherlands in the mid-1990s. To some extent the international sales were started unintentionally, when the founder father and his Finnish partner, along with an expert on paints visited France, Spain, and Belgium to obtain suitable raw materials. At the same time, they attended trade fairs and met potential partners and customers. Recently, FIN had invested in an online store to boost foreign sales.

In relation to family values and characteristics, the siblings had a fairly strong emotional attachment to and identification with the FF. There were warm relationships between the family and non-family employees. However, strong emotional attachment had sometimes led to considerable stress. Sometimes the stress had made the siblings consider selling the business.



However, ultimately they had decided to continue, and would actually have appreciated successors from the family. Their children had worked for the firm, but in minor roles, and some of them had left for other jobs. FIN represented an *absolute nuclear family* (which is fairly typical of Finnish culture in general), and this comes in contradiction to Arregle et al. (2019) who categorized Finnish families primarily as *exogamous community*.

## **FRA**

FRA was established in 1864. Four generations had succeeded each other in running the firm, which specialized in the manufacture of paints and decorative coatings. This FF was located in the south of France, not far from Marseille, where its HQs and manufacturing plant were located. The firm had 18 employees at its headquarters and eight abroad. The FF offered organic products made with lime, and utilized the identifier “Made in Provence.” In 2017, it achieved a turnover of 1.2 million euros, 60% of which was exported. The company was owned by the current CEO and his wife. His wife and his brother-in-law had managerial positions. The current CEO marketed the firm’s products either through local distributors (in the USA, South Korea, Ukraine, Saudi Arabia) or by creating subsidiaries in Japan, Russia, and Brazil. Their most important markets were Japan, Russia, and the USA. For Japan and Russia, the first contacts with customers had come through trade exhibitions. The opportunity to export to the USA came via a friend, who had his own company and encountered a direct opportunity.

The FRA case was interesting because it highlighted the importance of networks, and the role of ties in the context of the possible selling of an old FF. The CEO was very stressed by the question of heritage transmission, because he was unable to pass the ownership on to his own children. It was an important issue for him, because he was feeling his age, and was afraid that

when he died, all that he and his family had built would be destroyed. This attachment shaped the strategic decisions of the family members, in that the family members would have liked to transfer their company to someone who shared the same family values. FRA which is located in the South-East France follows the classification of Arregle et al. (2019) and can be categorized as an *exogenous community* family.

## **TAI**

TAI was established in 1986 and produced paint brushes and paint rollers. The FF had kept the firm's headquarters in Taiwan and had set up two manufacturing plants in China and Vietnam. The firm sold its products in approximately 15 countries. The majority of its revenue came from South East Asia. The newest manufacturing plant (in Vietnam) was founded in 2014. The founder of the company was the CEO, and his daughters were acting members in the business. The elderly daughter of the founder ran the operations in Vietnam; she acted as the sales manager and dealt with all foreign customers. The younger daughter had recently joined the FF.

The firm had found most of its partners via trade fairs, and the manufacturing plant in Vietnam had been decided on by all the family members. The founder of the FF was very emotionally attached to it, and this had led to some decisions that might not be rational from a purely business perspective. He wanted his daughters to control and run the business in the future. He was afraid that possible dilution would lead to loss of control of the firm. The family is *authoritarian*, and followed the traditions of most Asian families.

## **4. FINDINGS**

As shown in Table 3 below, weak SC ties were the most common way of entering the main foreign markets, but these ties were quickly developed into strong ties. Each case (see Table 3)

can be linked to the SC ties related to its three most important markets. The preliminary findings indicated that the FFs relied on SC to facilitate their internationalization. In addition, the FFs developed links and built their SC with other FFs. At the initial stages of internationalization, the FFs attended exhibitions to find new customers/clients. Moreover, there were cases where the firms used strong networks to further expand their operations in both geographically close and distant countries. The *evolution of strong ties* is an interesting finding, since those ties continued among the next generations of FFs.

Table 3: Cross-case analysis: Family Values, Structure and Networks

<b>Firm</b>	<b>Strength of the initial tie enabling the FME</b>	<b>Strength of ties during post-entry</b>	<b>Family values influencing international networking behavior</b>	<b>Family structure influencing the internationalization</b>
<b>FIN</b>	<p>Sweden: Weak tie. Potential partners met at international trade fairs. The 1<sup>st</sup> generation CEO went to live in Sweden. He approached potential partners and selected one as most suitable.</p> <p>Netherlands: Weak tie. Potential partners met at international trade fairs. The 1<sup>st</sup> generation CEO went to live in the Netherlands, visiting potential partners.</p> <p>France: Weak tie. Potential partners met at international trade fairs, then were contacted (becoming the 1<sup>st</sup> and 2<sup>nd</sup> reseller).</p>	<p>Sweden: The original weak tie was quickly developed into a strong tie. This was possible because the founder CEO lived in Sweden for over a year, and was able to spend a lot of time with the partner (who remains their only Swedish partner). The partner was a leading specialist in renovating old houses in Sweden; this led to very good sales for the first 5–10 years.</p> <p>Netherlands: The weak tie was quickly developed into a strong tie. This was possible because the founder CEO lived in the Netherlands and was able to spend a lot of time with the partner they still have as their only Swedish partner.</p> <p>France: “The first two resellers did not work out. Both of them sold log houses and then our paints, suitable for log houses, on the side. Both of them went bankrupt. And we had spent a lot of resources on them. Inviting them to Finland, training them... With the first one, we travelled to France to</p>	<p><i>Conformity</i> The current generation protected the network tie created by the father, although the sales are low and decreasing.</p> <p><i>Conformity</i> The current generation protected the network tie created by the father, although the sales were low.</p> <p><i>Security</i> FIN wanted to have the kind of ties in France that would enable them to pass on the firm to the next generation, after all the difficulties they had faced with the two first agents in the market.</p>	<p><i>Absolute nuclear</i> The previous generation of the FF was responsible for the initial internationalization. The 2<sup>nd</sup> generation representatives, currently in charge of the FF, have protected the initial network ties and recreated the lost French market ties. The third generation representatives are not currently attached to the FF, although they worked for it in an earlier stage, and they follow a different career.</p>

		investigate whether he was any good, and he has proved to be. He has great contacts with the Louvre and Versailles, where our paints are used. France is not the most important market in relation to sales, but it is the most important market in relation to our image.”		
<b>FRA</b>	<p>Japan: Weak tie. A Japanese architect sent by his Japanese construction company (to figure out what a “Provencal Villa” might be) met the CEO at an exhibition in Paris, 1984 (weak tie). They talked for a short time (15min) with the help of an interpreter.</p> <p>Russia: Weak tie. A member of a Russian delegation approached the CEO at an exhibition in Brussels. They talked for a short time (15min) with the help of an interpreter.</p> <p>USA: Strong ties. A friend was met at an exhibition some years ago. The friend had his own construction company in the USA. He persuaded the CEO to quickly send him its</p>	<p>Japan: Weak ties at the initial stage and strong after some years (with creation of a subsidiary in 2008). In 2018 they sold the subsidiary to a French friend. “On the back of that penetration into the [Japanese] market, I created a subsidiary in Tokyo in 2008, where I had Tamaya and Nagoya working for me. You cannot imagine [how close we were with the Japanese]! So, I gave the company to that very same Tamaya who was my technician, so it still exists but I don’t own it anymore.”</p> <p>Russia: Weak ties at the initial stage, but strong after some years (with creation of a subsidiary in 2009). “Trust with the Russians: it’s beautiful, but ephemeral. But at the same time, it is very tense because you are not always sure that the guy won’t disappear with the cash. Russia is a complicated country.”</p> <p>USA: Strong ties at the initial stage and termination of collaboration after the financial crisis in 2008 (2008: bankruptcy of the USA company, the friend lost everything and completely disappeared).</p>	<p><i>Security</i> FF CEO decided to protect his wife’s job by establishing a contract with his Japanese partner, to whom he gave his Japanese subsidiary.</p> <p><i>Conformity</i> <i>Tradition</i> The FF CEO refused to search for potential Japanese investors to whom he could to sell his Japanese subsidiary. He preferred to give it to a Japanese technician whom he had known for years and considered a member of his family (because the technician had “the right heart”).</p> <p><i>Security</i> The CEO decided to create a subsidiary in Russia with people whom he knew and trusted.</p> <p><i>Security</i> The CEO decided to protect his company from the exposure in the US market after the issues faced there.</p>	<p><i>Exogamous</i> The CEO of the FF decides for most of the internationalization plans but he has a strong link with the family members. The new generation follows a different career.</p>

	products, to seize a business opportunity.	“I delivered to Jean-Paul containers of goods that we had in stock. I was his product supplier. He was a close friend. We had loads of fun together in the USA. It lasted about ten years with Jean Paul. And in 2008, when the crisis in the USA came, his company exploded. He unfortunately disappeared off the map.”		
<b>TAI</b>	<p>Thailand: Weak ties. A customer approached them via the Taiwanese trading department, 2007.</p> <p>Vietnam: Strong ties. Uncle of the founder of the FF introduced them to the Vietnamese business landscape, 2014.</p> <p>Germany: Weak ties Met manager at an exhibition, 2014.</p>	<p>Thailand: Weak ties at the early stage of the partnership ,but developed to strong ties over time (family friends): “They all have become our family friends... because all these customers they are actually family business too... I also know their daughter, their daughter is also my friend... so we kind of, like, visit Bangkok like once a year and they will visit once a year, like, their whole family visits us and our whole family visits them to see friends and to talk about future collaboration.”</p> <p>Vietnam: Strong ties throughout the process of setting up a manufacturing plant: “My father's uncle is just a trigger, he gives access to the information, like, we know the land price, we know the [...] state of the industry in Vietnam and the supply chain etc., and he just give us the access. The key reason for my father to invest in Vietnam is he thinks Vietnam has [...] one of the reasons why my father thinks China is not good for manufacturing is because we are traditional, we are from a traditional industry and we need a lot of labor.”</p> <p>Germany: Weak ties at the early stages, but strong over the years:</p>	<p><i>Conformity Tradition</i> TAI (the Taiwan FF) shared the same values and traditions with its partner – a FF in Thailand.</p> <p><i>Security</i> The FF founder decided to set up a manufacturing plant in Vietnam to protect his daughters.</p> <p><i>Conformity Tradition</i> The whole extended family was involved in the decision to set up a manufacturing plant in Vietnam.</p> <p><i>Security</i> The FF founder rejected the offer of the German</p>	<p><i>Authoritarian</i> The family leader used his social capital to internationalize the operations and he was the on charge of most decisions related to the expansion of the FF. The new generation are emotionally attached to the FF and follow the decisions of the founder of the firm.</p>

		<p>“He comes to our Vietnam factory just like it's a holiday resort, he came, like, twice a year, and.. sometimes with his wife, we became very close after that, and he's a general manager of that company, the German company, and, as I mentioned before, he tried to do a merger, but we refused, we rejected it because this is a family business, but he still showed a lot of interest ... he's actually coming again to us next week with his wife like, he is the general manager of one of the companies, and he's going to bring his group near here.”</p>	<p>customer to buy shares in TAI.</p>	
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### *Case FIN*

FIN had found all the initial leads to their three foreign markets at international trade fairs. They thus started from weak ties. However, in each case they had made considerable efforts to develop these originally weak ties into strong ties as quickly as possible. In the case of Sweden and the Netherlands, the founder CEO went to live in these countries, to develop the initially weak ties into strong ones:

“My father kind of wanted to leave Finland for a while and went to live in Sweden, hoping to develop good partners for us. The one we still have, they got along with each other very quickly.” (2<sup>nd</sup> generation Sales Manager)

This approach seemed to work out well, since these agents were still representing them. However, sales in Sweden had declined, due to the emergence of a competitive traditional paint company in Sweden, which had taken most of FIN's market share there. Furthermore, the firm had not made any further efforts to renew network ties in Sweden, although times had changed.

Entry to France (their most important market in terms of public image, since their paints were used in Versailles and the Louvre) did not start so well. They had started with their first

French reseller, who represented Finnish log houses. This ended up in bankruptcy after a couple of years, although FIN had trained them, invited them to Finland, and so on:

“Well, the original partner, we had him from the trade fairs. He was a reseller for a Finnish log house company, someone our paints matched well with.” (2<sup>nd</sup> generation Sales Manager)

Exactly the same thing happened with their second French reseller, who had a similar profile to the first. With their third and current reseller (initiated 6 years previously), they wanted to be more systematic, in order not to waste their resources again. The 2<sup>nd</sup> generation representative travelled to France to get to know the person better. This had worked out, since the relationship was good and sales had emerged. They were still fairly moderate, but with potential for major growth, given that France possesses around 60 000 castles where their paints could be used:

“The first two resellers did not work out. Both of them sold log houses and then our paints, suitable for log houses, on the side. Both of them went bankrupt. And we had spent a lot of resources on them. Inviting them to Finland, training them... With the first one, we travelled to France to investigate whether he was any good, and he has proved to be. He has great contacts with the Louvre and Versailles, where our paints are used. France is not the most important market in relation to sales, but it is the most important market in relation to our image.” (2<sup>nd</sup> generation CEO)

The values related to BB of the firm were especially strongly visible in the approach of FIN in Sweden and the Netherlands. The firm had made efforts to quickly develop network ties into trustworthy ties, in order to guarantee security; however, BB was reflected in their inability to renew these ties, even if they had not brought good sales or growth. For FIN, the conformity related to the network ties created by their father was important. In their dealings with France, too, the network ties were renewed out of necessity – due to bankruptcies. This was related to the security value – they wanted to pass the firm on to the next generation, and to ensure that the firm would have decent chances of running as a FF in the future.

*Case FRA*

FRA was a very old FF (154 years old). The current CEO was the great-grandson of the founder, and he was the only son who decided from his childhood to work in the family business with his father. He was the first of the family who decided to go abroad. The most important markets for FRA were Japan, Russia, and the USA. The Japanese and Russian customers were found via trade fairs. For the USA market, the opportunity came from a friend of the CEO. Over time, the CEO had established a closer relationship and trust. Thus, the strength of the ties became strong.

Concerning the Japanese market, FRA started exporting to Japan in 1984. The CEO relied on weak ties to establish an initial contact with Japanese customers in 1984:

“A Japanese architect was sent by his Japanese construction company to figure out what a ‘Provencal Villa’ is like, and he met the CEO at an exhibition. It came from a weak tie: they just exchanged a few words with the help of an interpreter.”

It was a similar process for Russian market: a member of the Russian delegation came to the FRA stand during trade fairs in Brussels and asked some questions. A few days later, FRA received an initial order. FRA exported products to Russian distributors from 1992 to 2008 (16 years). In 2009, FRA set up a subsidiary in Moscow.

There was an exception for the USA market. The opportunity to export to the USA had come from strong ties: a French friend, who had had his own construction company in the USA, persuaded the CEO of FRA to send him his products:



“The United States is a stroke of luck... [Name of French friend] called me: ‘have a gigantic opportunity...I have a first order, I need two containers of products’.”

The FRA company exported products to the USA from 1998 to 2008 (10 years). However, in 2008, the financial crisis led FRA to terminate operations there. The FRA CEO gave up staying in this market in order to protect his own company. His decision is based on *Security* value. FRA exported products to the Japanese market from 1984 to 2008 (24 years). The CEO explained that in 2008 his Japanese distributor went bankrupt. The Japanese distributor CEO gave him all his stock, and let him choose the people to hire, as proof of their level of trust and mutual affection. The CEO created a sales subsidiary in Tokyo from 2008 to 2018 (10 years). It was the same for the Russian market. The CEO explained that every time one of his Russian partners went bankrupt, he continued the business with one of the persons from the previous company who had decided to create his own business. However, in 2009, the situation in Russia was so difficult (following the financial crisis) that the CEO of FRA decided to create a Russian subsidiary with people he knew, based on the *Security* value.

A long partnership with the FF had caused weak ties to evolve to strong ones, even if there were deep cultural differences. With their Japanese partner this evolution took 34 years. Over time, all the members of FRA were invited to Japan, starting with the father of the current CEO, a few years before his death in 1988:

“He [my father] was a guest in Japan: it was a big moment for him. You cannot imagine [how close we were with the Japanese]! We would meet and spend evenings together. My Japanese colleague took me out. I’m a bit like their father sometimes.”

The CEO of FRA was very emotionally attached to his firm. He was afraid that when he died all that he and his family had built up would be destroyed. In this particular context, it might

be expected that BB would be absent. The FRA CEO might have been expected to sell his business, being aware there was no direct succession to the next generation. However, this was not the case, and the behavior of the CEO was based on the values of *security* and *conformity/tradition*.

The emotional attachment to the firm shaped the strategic decisions of the family members, since the CEO and his wife would have liked to transfer their company to someone they appreciated, someone who would share same family values. Concerning his Japanese subsidiary, his attitude could be described as paternalistic. He said that in the previous year (2018) they had “given” their sales subsidiary to a Japanese technician. This was someone he had known for years, and had hired after the failure of his first Japanese supplier.

In the background, one can identify two main values. Thus, there was the *tradition* value, insofar as he used the verb “give” as if [Tayama] was his son. There was the *security* value, in that he would have liked to choose his substitute in order to protect his wife (who was younger, and who would need to continue working for several years). It was because of the *security* value that he had signed an exclusive contract with the Japanese in exchange for his company. The FRA case is interesting, since it highlights the importance of international networks, and the role of strong ties in the context of selling an old FF.

#### *Case TAI*

The company started exporting to Thailand in 2007, when a customer approached them via the trading department of Taiwan. The majority of the customers were found via trade fairs. The German market was entered in 2014. In that year the Sales Manager of the FF attended an exhibition, where she met the key person in a German firm, which was one of the main players in the industry. At the initial stages of the FME in Thailand and Germany, the FF relied on weak ties

to establish collaboration, since the level of trust was low. Over time, the sales manager established a closer relationship, and the parties built trust. Hence, the tie had changed from weak to strong.

The TAI customers/partners also ran their FFs. It was notable that the ties had evolved over time, with partnership continuing from the first to the second generation of FF owners. The long partnership with the FFs had brought about the evolution of weak ties to strong ones. This was bound up with the high levels of trust between the FF members. Such a level of trust had evolved between the second generation of FF owners, emphasizing the role of strong ties in terms of continuing a successful partnership. Other customers also emerged in new markets (e.g. in the Cambodian market via the Thai partner), illustrating the importance of networks for TAI.

The founder of TAI was emotionally attached to his firm, and he was seeking to pass the ownership on to his children. His overall attachment was highlighted by his rejection of an offer by a German customer to buy shares in the company.

BB was observed at different stages of the FF. One of the most interesting events was the refusal of the founder of the FF to accept transfer of shares to the manager of the firm's manufacturing plant in China, since he believed that he could lose control:

“We have a Chinese manager... she helped my father to set up the factory in China. She managed the whole factory and has done he trading in the Chinese factory for more than ten years... The Chinese factory is 100 per cent owned by my family, but after ten years, or so many years, when her daughter grew up, she also wanted her daughter to be part of this company. So she requested my father to give her some shares in the Chinese factory, but my father decided not to do so, so she retired, she quit the company because of this”.  
(2<sup>nd</sup> generation Sales Manager)

Even though the ties were strong between the founder of the FF and his manager, the *Security* value impelled the founder to protect the firm for the future generation. (i.e. his daughters).

A result of this decision was that the TAI founder set up a new manufacturing plant in Vietnam in 2014. This demonstrates that BB can actually trigger a firm to expand its operations (based on the *security* value overall, and on personal security):

“There's another reason why my father wants to move and change the investment resources from China to Vietnam, because he feels like China is sometimes a bit dangerous to me and my sister, compared with Vietnam... He is slowly moving resources from China to Vietnam. He made the decision, because he wants us to stay in a better environment... so the reason why he decided to do it in Vietnam instead of Western China is to make sure that our family has 100 per cent control of it.” (2<sup>nd</sup> generation Sales Manager)

The family of the focal firm shared the values of Confucian philosophy, two pillars of which are loyalty and family obligations. The daughter of the founder respected her father's choice to move to Vietnam:

“When my father was going to set up a business in Vietnam he called me and said ‘I'm going to set up a factory, a new factory in Vietnam because of blah blah blah, for all these rational reasons, what do you feel?’ and... and it's also about our own judgment, either emotional or rational, it doesn't matter, it's a family business, so how we feel would affect his decision, and actually, I felt it's okay, Vietnam for me is pretty nice...and also my father's uncle has helped a lot.”

The major German customer, who was a manager in one of the biggest MNEs in the paint brush sector, offered to acquire shares in the FF. The founder of the FF declined the offer, since he wanted his daughters to continue the business. This is another interesting example that highlights the *security* value – the wish to preserve the firm for future generations and the lack of trust in non-family members as regards becoming part of the management of the firm. This was linked to the emotional attachment, not just of the father, but of other members of the family, towards the firm:

“As I said, also in the German merger case, it is good for our company, but because it's my father's ‘son’ he cannot sell his ‘son’ to a stranger, so this is strongly attached to him, because this is something that is owned by our family, so we are willing to invest more,

which is not going to happen if we work in another company. But in return, we also expect more from this company because this is our family, so yeah, it's definitely like the whole company operation and strategic decision-making, all aspects, because of this emotional attachment.” (2<sup>nd</sup> generation Sales Manager)

The value related to BB of TAI was clear when the founder of the firm rejected an offer to merge with the German partner and to offer shares to the Chinese manager. This highlights the *conservation* value – the desire of the founder of the company to maintain control of the firm and to secure it for the next generation. It is interesting that even though the ties were strong with the German partner and the Chinese managers, the *conservation* value prevailed.

#### *4.1 Cross-case analysis*

All FF structures: i) absolute nuclear family, ii) exogamous, iii) authoritarian were associated with strong and long-term SC developed by the previous generations. The internationalization decisions were more influenced by the whole family in the absolute nuclear and exogamous family structures; whereas, the authoritarian family structure was linked to the decision of the founder of the firm where the other members had to follow their will and decisions. Another interesting finding is that values played a strong role despite the structure of the FF, for example more liberal and egalitarian family structures were influenced by conformity and security when decisions to the preservation of the FF had to be taken. The same applied to the authoritarian family in the case of TAI where tradition, conformity and security affected the decision of the founder of the firm to retain the control of the FF for the future generation.

As regards the strength of the ties in the initial foreign market entries (see Table 3), all the case firms (FIN, FRA, and TAI) used weak ties for their initial market entries. They had no ready-made contacts abroad, and it was due to this that they were approached or found a partner via trade

fairs/exhibitions. The only exception concerned case FRA; for them, the opportunity to export to the USA came from a French friend located in the USA. It can be concluded that in this case, even though the firms operated in different countries and cultures, weak ties played an important role in the first phases of internationalization.

The family values linked to initial ties and to the important markets were *conservation* and *tradition*, since the case firms wanted to preserve the firm for the family members. At the initial FME, all the case firms relied on weak ties. All the FFs had attended trade fairs to find new customers and partners; hence the initial level of trust was low, lacking emotional attachment between the FFs and their partners. Since the FFs were at their initial stages of internationalization they focused on strategies to retain the control of their firms and to protect the future generations against dilution of the firm ownership structure. *Conservation* and *tradition* were the dominant family values. The only exception was case TAI, which relied on strong ties when they first entered the Vietnamese market.

Regarding TAI, the family value of *tradition* and *conformity*, is very interesting, underlining the difference in family structure between Asian and European FFs. Case FIN had an *absolute nuclear* family structure (as is the norm in Finnish culture). FRA followed the *exogamous community* family structure, whereas TAI followed an *authoritarian* family structure. This might lead one to expect different internationalization behavior on the basis of the family structure, but in fact, the three FFs seemed to be more influenced by their family values, and certain common patterns were observed. This may be explained by the dominant role of the *conservation* value in all three case firms, FIN, FRA, and TAI.

In the post-entry phase, the FFs developed their strength of ties from weak to strong over time. All the case firms developed higher levels of trust with their partners. It is notable that all the

FFs developed partnerships with other FFs. In addition, next-generation family members developed close links with the family members of their partners (the daughter of the founder of TAI was a close friend of the daughter of their Thai partner). In the case of FIN, a transition was taking place, in that the daughter of the CEO was visiting the French agent, and learning to know his potential successor children.

There were cases in which the strong ties had started to decay; this was occurring between TAI and the firm in China, and between FRA and the firm in the USA. In the case of TAI, the founder of the company had decided to set up a new manufacturing plant in Vietnam because he feared a loss of control in China. He made this decision to protect the next generation from long-term issues in China. The same thing happened with the CEO of FRA, who decided to terminate collaboration with the USA, due to a lack of engagement on the part of the American partner. Both developments were linked to the *security* value.

It is striking that TAI received offers to merge with other firms, or to sell part of its shares. TAI had an offer to merge with its German partner, but the founder rejected it. Even though the level of trust was high, the family members were biased by the conservation family value. The founder preferred to pass the firm on to the next generation. An exception occurred with FRA, because the new generation had no desire to control the firm. The current CEO of FRA had decided to progressively sell his subsidiaries. What was interesting in his behavior is that he wanted to transmit his subsidiary and his brand to people who shared the same values, in the manner of an extended family. This was the case with his Japanese technician, to whom he sold the Japanese subsidiary.

It is clear that even though the family structure was different among the three FFs, there were some common patterns. In all three cases, family values tended to play a dominant role when

the FFs had to take internationalization decisions. It is important to note that the CEO in FRA followed the *conformity* value in his efforts to sell one of his companies to the right person, while the CEO in TAI followed the *security value*, in seeking to save his company from foreigner investors.

## 5. DISCUSSION AND CONCLUSIONS

With our study on how FFs with different family structures and countries of origin build SC for internationalization, we contribute to the discussions on FF international networking (Arregle et al., 2019; Kampouri et al., 2017; Kano & Verbeke, 2018; Kontinen & Ojala, 2010, 2012; Pukall & Calabro, 2014; Yuan & Wu, 2018). First, our findings suggest that to some extent different values are at the forefront of the decision-making related to international networking among FFs from different countries of origin. The Taiwanese FF based its decisions more strongly on tradition (related to religion and culture) and security; by contrast among the Finnish and French FFs, conformity (related to the protection of family members) was the strongest family value influencing international networking. We reveal that what seemed to make a difference in the international networking behavior of FFs from different countries and family structures derived from *values* related to *conservation*. The Taiwanese case demonstrated more security and tradition values since Taiwanese values are more conservative compared to the European ones. Altogether, our evidence appears to point in a certain direction, i.e. that on a global level, in comparison with other types of firms, FFs may be more similar on the basis of the values they cherish networking (Arregle et al. 2019; Verbeke & Kano, 20102; Kano & Verbeke, 2018).



Second, our findings extend the work of Kontinen and Ojala (2012), to the effect that FFs from cultures beyond Europe use weak ties for foreign market entry. However, in relation to the pace of developing trust in the post-entry phase, we can see some variation: the Finnish high level of trust was visible in the willingness of FIN to quickly develop trust with their new international partners; by contrast, TAI and FRA (representing cultures where trust is not self-evident) developed trust at a slower pace.

Third, our findings also shed light on the trans-generational aspect of international networks (Arregle et al., 2019; DeMassis et al., 2018; Kampouri et al., 2017). Our findings show how the FFs made a generational change in parallel with their international collaborators. The father and daughter in TAI developed strong ties with the founder and daughter of their partner FF in Thailand. The same process was under way with FIN, where the daughter of the CEO was visiting the French agent and learning to know his potential successor children. The Finnish case represents an *absolute nuclear* family and the FRA the *exogamous community* family structure. However, in relation to values (related to BB), both FIN and FRA followed *conformity*, meaning that they were compliant with the various rules, and that the new generations respected their parents. Although FIN represented an absolute nuclear family, the value of conformity (which it cherished) made its international networking following the traditional approach of a FF. The Asian case was linked to an *authoritarian* structure; here, BB led the FF to take decisions that might not be rational economically. The retention of the FF's control indicated that the *security* value was linked to internationalization, and strong ties were associated mainly with the post-entry phase. All the case firms relied on the *security* value, seeking to protect their family members, and to maintain the structure of the FF. This finding is in line with Verbeke et al. (2019) and Arregle et al. (2019), who noted the tendency of older generations to seek to protect oncoming FF

generations. *Tradition* was primarily linked to case TAI, where the family structure was more *authoritarian* (Arregle et al., 2019), with a background of Confucianism (Verbeke et al., 2019), which is part of the worldview of many Asian families.

From a managerial point of view, our study can provide new knowledge for family owners to drive the relationship with their foreigner partners and for policy makers to a better understanding of the specificities of FF internationalization and maybe act more as “safeguard” against BB. The owners of FFs should minimize the effects of BB by taking decisions more rationally. Emotions should not influence and hinder business opportunities if those can assist firms to grow and further expand their international operations. The new generations of FFs should advise and explain to older generations that *security* and *tradition* may have a negative impact on the long-term. Culture does play an important role and FFs share different values. The Asian FFs tend to be more traditional and authoritarian but new generations could offer new skills and a more open mindset to facilitate internationalization decisions without the dysfunction coming from BB. On the other hand, the European FFs have differences in terms of their geographic location (i.e. South or the North), where South European FFs can be more traditional and the BB higher. North European FFs are more open to changes and the BB has less impact. Networking is equally important amongst the FFs and they should use their strong ties in order to minimize BB and to get valuable advice on a potential collaboration that could increase their profitability and international exposure and expansion. Policy makers could support FFs with training, for example how a collaboration could benefit them in order to minimize the negative effect of BB. Another approach that could mitigate BB, which may be linked to preconceptions, is the older FF generation to discuss and seek advice from the new generation since they may offer a fresher approach to a potential collaboration.

Our study is not free of limitations. One of the limitations is the number of cases per country, however this study was not pursuing a statistical but an analytical generalization (Miles and Huberman, 1994). The second limitation is related to values that were not the original focus of our study, but their importance emerged from the data. That is why we did not have direct questions about values in the interview protocol, which we recommend is an excellent further research direction. Future studies could also conduct a survey and test our framework in multiple locations with different cultures and FFs that operate in various industries.

The field of FF studies has so far left a good many aspects unaddressed. These have included, notably, how the internationalization of FFs can be analyzed in terms of values held by the firms (Schwarz, 1992; Verbeke et al., 2019), and how the structures of the firms can affect their internationalization (Arregle et al., 2019). Here we offer new perspectives in the FF field by showing how the strength of ties appears to influence the internationalization of FF, with inputs from values and by highlighting the limited effect of family structures. We recommend to go beyond values and to examine through empirical inquiry how social capital could moderate the magnitude of a bifurcation bias and extenuate the effects of family structures. We also suggest investigating other family structures not explored yet in the recent articles (Arregle et al. , 2019; Hennart et al., 2019; Verbeke et al., 2019) like Anomic family, Asymmetrical community family or Egalitarian nuclear family which lead us to privilege multi-country study approach. This has the potential to offer a new stream for future studies.

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Figure 1: Social Capital, Bifurcation Bias, Family Values and Family Structures in the Internationalization of FFs

