

Struggling for Survival: Internationalization Drivers in Family SMEs – A Strategic Guideline to Overcome the Crisis Based on the Literature

Rafael Luís Castro

 <https://orcid.org/0000-0001-9698-5243>

Universidade de Aveiro, Portugal

Joana Costa

 <https://orcid.org/0000-0001-7514-9836>

Universidade de Aveiro, Portugal

EXECUTIVE SUMMARY

Family SMEs are embedded with unique characteristics of family ownership and management and the attributes of resource constraints and smallness in SMEs. At present, these firms are struggling for survival due to the pandemic crisis. Fast and assertive policy strategies need to be implemented to promote resilience, raising survival propensity. To better understand and recognize internationalization patterns in family SMEs, the authors conduct a systematic literature review with theoretical and empirical articles in the last 15 years. The study contributes to the literature by identifying and clustering state of the art regarding family SMEs in their internationalization strategies; moreover, they provide a theoretical basis for future guidelines of empirical research regarding the used frameworks, most predominant strategies, managerial determinants, and the elements that may lead these firms to their long-term survival and their success and prosperity in international markets.

INTRODUCTION

Family-owned SMEs (hereafter family SMEs) are inserted in most economies; they embody a substantial share of income and provide significant support for employment (Anderson & Reeb, 2003). The latest report of the European Commission (2009) shows that FBs symbolize more than 60% of all enterprises in Europe.

The body of research regarding family SMEs and their internationalization is still developing (Pukall & Calabrò, 2014). Moreover, the literature still fails to provide a clear and unique definition regarding family businesses (hereafter FBs); nevertheless, most empirical studies perceive FB when a family has at least 50% ownership (Sharma, Chrisman and Chua, 1999).

There seems to be widely recognized that FBs are highly oriented towards the family dimension, meaning that other than the economic goals present in all business organizations, they also pursue non-economic goals that are more oriented and centered on the family dynamics (Gómez-Mejía et al., 2007). Thus, FBs must reach an equilibrium between the aspiration to grow and exploit new international opportunities (Arregle et al., 2012) and preserve their family legacy, family values, and control (Gomez-Mejia et al., 2010).

The family involvement in the decision-making process is detrimental to their internationalization. In family SMEs, there is overlapping between ownership, management, and board of directors, meaning that family members might have an involvement in all the processes (Segaro, 2012). Thus, family involvement in the business can create a unique set of determinants, positive or negative, in the firm's internationalization strategies.

Engaging in internationalization strategies is a valid endeavor towards competitive advantage. Recent changes in the world economy have led all types of firms to partake in global expansion; however, international expansion can also expose firms to higher risks (Westhead, 2008).

Internationalization in family SMEs can be perceived in multiple forms; positively, managers can engage international strategies to gain competitive advantages and expand their activities abroad; thus, creating more value for the business (Lahiri et al., 2020). Nevertheless, managers in family SMEs tend to be risk-averse and conservative towards the adoption of new strategies; conversely, they may perceive internationalization as a threat to their family wealth, family legacy and socio-emotional wealth (Arregle et al., 2012). The Socioemotional-Wealth concept encapsulates the non-economic goals present in FB, such as their exercise of authority, the perpetuation of family values through the business, and the conservation of the firm's legacy (Gómez-Mejía et al., 2007).

The dominant view among FB scholars is that family SMEs move along in their international strategies differently than non-FB (e.g., Arregle et al., 2012; Nieto & Fernandez, 2012; Pukall & Calabrò, 2014). FBs have in their nature to be risk-averse; they want to maintain their family control and ownership, and their SEW (Claver et al., 2007; Gomez-Mejia et al., 2011). Consequently, in order to expose the firm to the lowest risk possible, they start internationalizing more slowly and gradually; thus, exporting to closer countries allows them to retain knowledge and experience, which in turn will be applied as they further progress in their international strategies (Kontinen & Ojala, 2010b; Boellis et al., 2016).

Besides family involvement, family SMEs have embedded in the unique characteristics of SMEs. As a consequence of their size, these institutions have more restrictions regarding their resources; furthermore, constraints in their organizational capabilities can also hinder and negatively disturb their internationalization prospects (Fernandez & Nieto, 2005). Nonetheless, family SMEs are more adaptable and have lower levels of organizational inertia; thus, they can react to fast changes in the market

26 more pages are available in the full version of this document, which may be purchased using the "Add to Cart" button on the publisher's webpage:

www.igi-global.com/chapter/struggling-for-survival/285828

Related Content

Mining Generalized Association Rules in an Evolving Environment

Wen-Yang Lin and Ming-Cheng Tseng (2009). *Encyclopedia of Data Warehousing and Mining, Second Edition* (pp. 1268-1274).

www.irma-international.org/chapter/mining-generalized-association-rules-evolving/10985

Leveraging Unlabeled Data for Classification

Yinghui Yang and Balaji Padmanabhan (2009). *Encyclopedia of Data Warehousing and Mining, Second Edition* (pp. 1164-1169).

www.irma-international.org/chapter/leveraging-unlabeled-data-classification/10969

Association Rules and Statistics

Martine Cadot, Jean-Baptiste Majand and Tarek Ziadé (2009). *Encyclopedia of Data Warehousing and Mining, Second Edition* (pp. 94-97).

www.irma-international.org/chapter/association-rules-statistics/10804

Subgraph Mining

Ingrid Fischer (2009). *Encyclopedia of Data Warehousing and Mining, Second Edition* (pp. 1865-1870).

www.irma-international.org/chapter/subgraph-mining/11073

Rethinking Writing Pedagogy: Supporting Preservice and Inservice Teachers' Digital and Multimodal Writing Practices

Melanie Hundley, Robin Jocius and Emily Pendergrass (2020). *Participatory Literacy Practices for P-12 Classrooms in the Digital Age* (pp. 184-199).

www.irma-international.org/chapter/rethinking-writing-pedagogy/237421