Family Firms Venturing into International Markets: 
A Resource Dependence Perspectives

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Overall Findings
The empirical findings show that open family firms attract more nonfamily resources through external ownership, board representation, the choice of a chief executive officer (CEO), and a large top management team that can enhance either the scale or the scope of its internationalization.

In particular, the authors show that expansion across foreign markets is favored by opening up all levels of a firm’s governance structure. Penetration within foreign markets, on the other hand, is favored by opening up the top management level alone.

Highlights
- Increases in external ownership among family-run businesses are correlated with increases in the scope, but not the scale, of exporting. That is, firms with external ownership have an increased geographic reach, but overall sales percentages from overseas are not affected.
- Similarly, external board members enhance the scope or number of countries to which a family firm exports, but not the scale—its involvement in different types of activities across national borders.
- Having a nonfamily CEO affects the scale, but not the scope of internationalization. The authors made a similar finding with respect to the percentage
of nonfamily members constituting the top management team. They surmise that these external actors bring functional skills to the management team that might be different from those of family-run leadership. These different skills may be beneficial to the scale of a firm’s foreign operations, but are not likely to enhance its geographic reach.

- Future research should explore why increases in external management (including a CEO and board members) are more likely to affect the scale of foreign-run operations, but not the scope.

**Scope and Methodology**

The authors define a family firm as one in which (1) one or more family members own at least 50 percent of the firm’s shares, and (2) the CEO perceives the business as a family firm.

In 1997, the authors interviewed 2,020 Swedish small and medium-sized enterprises, of which 461 were deemed to be family firms. These firms were contacted again in 2000; of these, 331 (71 percent) responded to the phone interview. Data from the interviews were used as the dependent and independent variables of fractional logit regressions. Results of these models appear in Tables 2 and 3 of the report.

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