

## Family Firm Internationalization: Identification of Alternative Success Pathways

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**Abstract :** In most countries, small and medium-sized enterprises (SME) are the backbone of the economy due to their impact on job creation, innovation and wealth creation. Moreover, the ongoing globalization makes it inevitable – even for SME that traditionally focused on their domestic markets – to internationalize their business activities to realize further growth and survive in international markets. Thus, internationalization has become one of the most common growth strategies for SME and has received increasing scholarly attention over the last two decades. One the downside internationalization can be also regarded as the most complex strategy that a firm can undertake. Particularly for family firms, that are often characterized by limited financial capital, a risk-averse nature and limited growth aspirations, it could be argued that family firms are more likely to face greater challenges when taking the pathway to internationalization. Especially the triangulation of family, ownership, and management (so-called ‘familiness’) manifests in a unique behavior and decision-making process which is often characterized by the importance given to noneconomic goals and distinguishes a family firm from other businesses. Taking this into account, the concept of socio-emotional wealth (SEW) has been evolved to describe the behavior of family firms. In order to investigate how different internal and external firm characteristics shape internationalization success of family firms, we drew on a sample consisting of 297 small and medium-sized family firms from Germany, Austria, Switzerland, and Liechtenstein. Thus, we include SEW as essential family firm characteristic and added the two major intra-organizational characteristics, entrepreneurial orientation (EO), absorptive capacity (AC) as well as collaboration intensity (CI) and relational knowledge (RK) as two major external network characteristics. Based on previous research we assume that these characteristics are important to explain internationalization success of family firm SME. Regarding the data analysis, we applied a Fuzzy Set Qualitative Comparative Analysis (fsQCA), an approach that allows identifying configurations of firm characteristics, specifically used to study complex causal relationships where traditional regression techniques reach their limits. Results indicate that several combinations of these family firm characteristics can lead to international success, with no permanently required key characteristic. Instead, there are many roads to walk down for family firms to achieve internationalization success. Consequently, our data states that family owned SME are heterogeneous and internationalization is a complex and dynamic process. Results further show that network related characteristics occur in all sets, thus represent an essential element in the internationalization process of family owned SME. The contribution of our study is twofold, as we investigate different forms of international expansion for family firms and how to improve them. First, we are able to broaden the understanding of the intersection between family firm and SME internationalization with respect to major intra-organizational and network-related variables. Second, from a practical perspective, we offer family firm owners a basis for setting up internal capabilities to achieve international success.

**Keywords :** entrepreneurial orientation, family firm, fsQCA, internationalization, socio-emotional wealth

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