Chapter 6
Factors Determining the Internationalization of Spanish Family SMEs:
A Resource-Based Approach

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ABSTRACT
This chapter examines the factors determining international expansion for a group of Spanish family SMEs. Internationalization is modelled taking into account both the decision to enter foreign markets and the degree of internationalization. This chapter uses the information provided by the Survey on Business Strategies in Spain, including 1,519 observations. The results indicate that the presence of the second generation in the family firm, the establishment of alliances with other firms, and some intangible resources (in particular, product innovations, and human resources) all positively influence the degree of internationalization. The results also indicate that the size and age of family firms are important factors in determining their international expansion.

INTRODUCTION
Nowadays, family SMEs face a new competitive situation in that their survival depends on their capacity to grow internationally (Chen, 2011; Patel, Pieper & Hier, 2012). Since the internationalization of family SMEs has been restrained by shortages of both long-term financial assets and intangible assets, export plays a vital role, being regarded as the simplest and quickest way to access foreign markets (Sacristán, Rico & Lafuente, 2011).

As a consequence, a growing body of empirical research has been aimed at understanding the factors that have led family SMEs to develop international markets over the last decade (Pukall & Calabrò, 2014; Alayo, Maseda, Iturralde & Arzubiaga, 2019). However, previous literature has provided mixed evidence concerning the factors that impact on the internationalization of family SMEs and these need...
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further clarification (Benavides-Velasco, Quintana-García & Guzmán-Parra, 2013; Fernández & Nieto, 2006; Kontinen & Ojala, 2010). Several reasons could explain this lack of consensus. First, previous studies have mostly focused on the reluctance of different types of family firm to internationalize in comparison with their non-family counterparts (e.g., Banalieva & Eddleston, 2011; Claver, Rienda & Quer, 2009; Fernández & Nieto, 2006; Gomez-Mejia, Makri & Larraza-Kintana, 2010), although there are exceptions such as Zahra (2003) and Fernández and Nieto (2005). However, family firms are heterogeneous (Arregle, Naldi, Nordqvist & Hitt, 2012; Banalieva & Eddleston, 2011) and therefore, rather than comparing family and non-family firms, this chapter examines the specific determining factors of internationalization in family businesses. Another reason for the mixed results may be the lack of uniformity in the conceptualization and measurement of the construct of internationalization. For example, the export intensity ratio is by far the most widely used indicator in empirical international family business research (e.g., Almódovar, 2012; Lu & Beamish, 2006), but other measures of the degree of internationalization have included the number of countries in which the family firm sold its products (e.g., Zahra, 2003) and the ratio of foreign assets to total assets (e.g., Tsao & Lien, 2013). Finally, another reason for these inconsistent empirical findings that several scholars have highlighted is the lack of consensus on the exact definition of family business (Benavides-Velasco et al., 2013; Graves & Thomas, 2008; Sacristán et al., 2011).

The objective of this research is to fill that gap by investigating the factors determining the internationalization process undertaken by the family firm. To do so, this chapter uses the resource-based view (RBV) as the theoretical foundation to develop hypotheses that relate resource-based factors to expansion into international markets. This research focuses on export activities, because most family firms’ international expansion efforts are likely to take the form of exports (Fernández & Nieto, 2005; Okoroafo, 1999).

This paper first contributes to extending previous research by focusing on differences between family firms, these being defined as firms in which there is a family identity in the ownership and control of the business.

Secondly, most papers on the internationalization of family businesses have not modelled internationalization behaviour in a dual manner, i.e., as both the decision to internationalize and the degree of internationalization. This chapter analyses whether the process underlying a family SME’s decision to internationalize is a separate one from that determining the degree of internationalization by applying a well-established methodology, i.e., a two-stage dynamic model.

Finally, the empirical application of the analysis of the export behaviour of Spanish family SMEs is very limited and most empirical studies are descriptive and cross-sectional (Sacristán et al., 2011). This chapter adds to previous literature by studying a large sample of Spanish manufacturing family SMEs that includes nearly 3,000 observations from the period 2006-2012.

This paper is structured as follows: in the next section this chapter presents the theoretical framework forming the basis for the empirical hypotheses the authors propose to test. The third section describes the empirical results. Finally, this chapter considers their implications and suggest directions for future research.