SUCCESSFUL INTERNATIONALIZATION FOR SMALL AND MEDIUM-SIZED FAMILY BUSINESSES: IS IT GRADUAL, PERSONALISED OR A BALANCING ACT? (INTERACTIVE PAPER)

Zografia Bika

University of Edinburgh, zografia.bika@ed.ac.uk

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INTERACTIVE PAPER SESSION

SUCCESSFUL INTERNATIONALIZATION FOR SMALL AND MEDIUM-SIZED FAMILY BUSINESSES: IS IT GRADUAL, PERSONALISED OR A BALANCING ACT?

Zografia Bika, The University of Edinburgh

Principal Topic

Family businesses grow slowly and export less, especially those at the medium level (Kotey, 2005). Even the number of family businesses itself has been found to decrease as sales increase whilst they are shown to be reluctant to go public (Gallo et al., 2004: 307). Building on previous studies which put emphasis on the power that the personalities of family business owners exert over their internationalization process (Gallo et al, 2004) or the gradual character of their approach to exporting (Harris et al, 1994), this exploratory paper shows that successful international trade is a reflection of alliances between structural representatives of opposite forces (such as growth and profit, process and transaction, strategy and overheads, export director and owner, and management and property) within the family business development process.

Method

This paper is based on the qualitative results of a research project funded by the East of England Development Agency (UK) which investigated the internationalization process of small and medium enterprises in the respective region. Of 28 in-depth interviews with business owners and/or managers in charge of international trade carried out by the author in 2002, 12 qualified as small and medium-sized family businesses (6-249 employees) on the grounds of self-identification, all of whom happened to be manufacturers. Qualitative data was gathered on the ways and means of family business involvement in international trade and the problem-solving techniques used to overcome difficulties encountered in the development of export markets.

Results and Implications

The argument developed here is that successful family businesses’ attempts to internationalise are seen as either personalised/opportunistic or gradual/incremental only as long as the notion of owner-manager prevails in the analysis of their business operations. A successful internationalisation process primarily involves early separation of family business ownership from export management and thus delegation that is the employment of an outsider or a third party. However, it is only as long as export managers remain the third party – rather than being integrated in terms of shareholding, decision-making and control – within the family business and are adequately rewarded even up to the point of being given ‘specialist’ directorships that the export activity retains a high success rate.

CONTACT: Zografia Bika; The University of Edinburgh, 7 Bristo Square, Edinburgh EH8 9AL, United Kingdom; (T): +44 131 6508347; (F): +44 131 6506501; Zografia.Bika@ed.ac.uk