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“Nidal Darwish”

***“Internationalization and Networking of
Family Firms in Developing Countries”***

Supervisor

Professor: Cassia, Lucio

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Darwish, Nidal

Internationalization and networking of family firms in developing countries

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Department of Engineering and Applied Sciences

Economics and Management of Technology

Address: viale Marconi 5 24044 - Dalmine (BG)

Tel.: +39 035 2052303 / 307 / 342 / 383

Fax: +39 035 2052077 / 310

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Abstract

This dissertation investigates the internationalization and networking behaviors, characteristics, and processes of family firms in developing countries, and, more specifically, the international opportunity recognition; the importance of network social and business networks\ties for recognizing such international opportunities; how the entrepreneurial networks change, develop and adapt between generations in the family firm; and how internationalization process differs between family and non-family firms, all in the context of developing countries.

Family-owned and controlled businesses are an important and widely found form of business worldwide. However, family firms have traditionally focused on domestic markets, but increasingly find themselves obliged to get internationalized, in order to survive in a market that is becoming more globally competitive.

The current thesis consists of an introductory essay, and three research articles. The ultimate purpose of this thesis is to develop a theoretical and empirical understanding of how family firms internationalize in the context of developing countries with focusing on the importance of networks. It also aims at obtaining more understanding about how entrepreneurial networks change across generations in family firms. To this end, an exploratory case study design was employed to explore 20 Palestinian family and non-family firm cases, gathering qualitative data through in-depth, semi-structured, face-to-face interviews. Secondary materials were collected as well.

Analysis of these case studies suggested that family firms recognize international opportunities depending mainly on both social and business ties, but business\formal ties

seemed more important at all internationalization stages than social\informal ties. The entrepreneurs in developing countries are more proactive than those in developed countries. Moreover, the entrepreneurial networks in present generation are diverse, flexible and dynamic; while in prior generation were limited in size, static and uniform. Prior generations had informal, personal, and a friendship relation with network members and showed passive approach in searching for new network ties, while the new generations seem more formal, objective and professional in its interaction with network members showing more proactive level of networking. Furthermore, the main differences between the internationalization process of family and non-family firms are in speed, performance, and networks "*insidership*" that were higher for non-family firms. There are no significant differences between family and non-family firms in terms of foreign market selection (psychic distance); choosing entry mode; and forming networks. Finally, International businesses in developing economies compared to developed economies are characterized as follows: exports are the main foreign entry modes; psychic distance is not important; learning process is slow; and Internationalization is unstructured and random process.

Keywords: *internationalization; international business; family firms; opportunity recognition; networks; entrepreneurial networks; developing countries; internationalization process; and Palestine.*

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LIST OF THE ORIGINAL ARTICLES

First article: International Opportunity Recognition of Family Firms in Developing Countries: the case of Palestine

Second article: How Do the Entrepreneurial Networks Change Across Generations in Family Firms?

Third Article: The Internationalization of Family and non-Family Firms: a Developing Countries Perspective

1 INTRODUCTION

1.1 Background of the Research

The present thesis on internationalization and networking of family firms in developing countries consists of an introductory essay and three research articles. The topic is receiving increasing scholarly attention.

Family businesses dominate the global economic landscape (La Porta et al., 1999) since the family is the original economic unit from which all other economic organizations emerged (Schulze & Gedajlovic, 2010). Family-owned and controlled firms are an important and widely found form of business worldwide. As the statistics demonstrate, family business research is justified because of the sheer numbers of this type of business. The family presence on the business almost certainly means that the characteristics, aspirations and relationships of family members will have a profound influence on the operation of family business. *Familiness* refers to the relationship between a business-owning family and the resources and capabilities of the business. Different definitions of family firms have been employed in the present thesis according to the purpose of each article, for example, in the third article, family firms are defined as “a firm where the family owns the majority of stock and exercises full managerial control” (Gallo & Sveen, 1991, p. 182), while in the second article, I followed Chua, Chrisman, and Sharma (1999, p. 25) in defining a family business as “a business governed and/or managed with the intention to shape and pursue the vision of the business held by a dominant coalition controlled by members of the same family or a small number of families in a manner that is potentially sustainable across generations of the family or families.” However, in the current thesis, three criteria were adopted to distinguish family from non-family firms. In order for a

firm to be termed as a family firm, it (1) has to control the largest block of shares or votes, (2) should have one or more of its members in key management positions (Zahra, 2003), (3) It is perceived by the entrepreneur to be a family business (Westhead, Cowling, & Howorth, 2001). This definition is based on two criteria of ownership and management presented, for instance, by Graves and Thomas (2008), and on the notion of continuity presented e.g. by Zahra (2003).

Recently it has been recognized that substantial numbers of entrepreneurial and family firms are active in the international markets (Casillas & Acedo, 2005). Therefore, family firms' internationalization is becoming a significant research area (Fernandez & Nieto, 2005, 2006; Graves & Thomas, 2006, 2008; Sciascia et al., 2010). So far, scholars in international entrepreneurship, international business and family business have studied the internationalization of family-owned firms to only a limited extent. Yet, this arena is considered as a very young field with only limited knowledge available (Kontinen & Ojala, 2010a), and to date, only a limited number of studies have looked at what factors and processes contribute to internationalization of family firms. Recently, however, there has been a call for international entrepreneurship research to expand its horizon beyond early and rapidly internationalizing firms (Dimitratos & Jones, 2005; Young et al., 2003).

The matter of the fact is that the internationalization of firms has been studied from the perspective of different theories. Due to their historical contexts, each of the theories takes a special view on how firms internationalize their operations. However, current thesis relied basically on two theories; first, the Uppsala model of internationalization (Johanson & Vahlne, 1977, 2009) that was developed in the 1977 and revised in 2009 to explain the internationalization process of multinational firms. This model (the most well-known theory) is

considered as a dynamic model and has implications on iterative and cumulative processes of learning, trust, commitment building, as well as knowledge, recognition of opportunities and network position. Moreover, it describes internationalization as an incrementally evolving process, in which a firm internationalizes its operations by going through various stages. Second, the network model (Johanson & Mattsson, 1988) that was presented in the 1980s; the internationalization of the firms is explained with reference to the network utility. However, this model suggested that most firms used various networks to facilitate their internationalization activities. In fact, family firms have traditionally focused on domestic markets; they increasingly find themselves obliged to get internationalized, in order to survive and grow in a market that is becoming more globally competitive.

Even though the internationalization is considered as the most complex strategy that any firm can adopt, it has many advantages in the long term competitiveness of family firms (Claver et al., 2008). For instance, it allows the organization to have an access to a larger market, achieve economies of scale, diversify risk, or simply avoid competitive disadvantages (Gallo & Sveen, 1991). In fact, family firms are usually at a disadvantage comparing to non-family firms when accessing resources and capabilities required for managing a growth process like internationalization. For example, they have financial difficulties (Chittenden et al., 1996; Friedman & Friedman, 1994; James, 1999); they tend to have a conservative attitude toward risk (Ward, 1998); they lack in managerial capabilities (Graves & Thomas, 2006, 2008), and finally ,they lack in bridging network ties (Graves & Thomas, 2004).

The strategic differences between family and non-family firms take several forms for example, type of market entry, speed of international expansion, and degree of international

sales (Pukall & Calabrò, 2014). Moreover, family firms tend to be slower in the internationalization process in the short-run compared to non-family firms, but in the long-run, they are to a similar degree. This matter can be explained according to Pukall and Calabrò's (2014) idea that family firms do not regularly monitor the international market place, and that the reluctance of family firms to build up relationships in foreign networks is due to the potential loss of socioemotional wealth. The family members usually have their specific objectives, not merely to make a profit but also to maintain socioemotional wealth and the non-financial aspects of the firm that meet the family's affective needs, such as identity, the ability to exercise family influence, and the perpetuation of the family dynasty (Gomez-Mejia et al., 2007, 2010). Another difference as Graves and Thomas (2008) indicated seems to be due to the fact that family firms may be more reactive rather than proactive when they recognize international opportunities. Tsang (2002) also found that family firms had the most unstructured internationalization process, whereas non-family ones had more strategic processes.

Based on the literature review of the internationalization of family firms, I realized that international opportunity recognition is an important aspect affecting internationalization of family firms (Dimitratos & Jones, 2005; Ellis, 2011; Zahra et al., 2005) particularly in the context of developing countries. The opportunity recognition of family firms may well be different from that of other kinds of firm, given the more limited networks of family firms (Graves & Thomas, 2004) and their lack of financial resources (Gallo & Sveen, 1991). Since the review revealed a lack of knowledge about how entrepreneurs in family firms recognize international opportunities, I chose international opportunity recognition as the phenomenon to be

addressed in article 1. Moreover, the role of networks in the internationalization of family firms has been studied to very limited extent. This means that there is a significant research gap concerning the role of networks in recognizing international opportunities in family firms, thus; article 1 addressed this dimension as well. However, the findings of article 1 revealed that family firms recognize international opportunities depending mainly on both social and business ties, but business\formal ties seemed more important at all internationalization stages than social\informal ties. Furthermore, the entrepreneurs in developing countries are more proactive than those in developed countries.

I also realized that the Uppsala model of internationalization has only been applied to the internationalization of family firms in a very general sense as well as to a limited number of cultural contexts. Moreover, the review made me aware of unclear aspects of the Uppsala model of internationalization, concerning how it might be applied to the family firms, particularly in the context of developing countries. Hence, article 3 draws on the Uppsala model of internationalization process with both versions: the original Uppsala Model (Johanson & Vahlne, 1977) and the revised Uppsala internationalization process model (Johanson & Vahlne, 2009) in order to understand and explore the difference between internationalization process of family and non-family firms in developing countries. The finding of article 3 revealed that the differences between family and non-family firms in terms of internationalization process are minimal, whereas there are a plethora of similarities in the internationalization process of developing countries. In addition, the findings showed that the internationalization process of business firms in developing economies has some unique characteristics compared to that of mature economies and that these characteristics take different forms.

While articles 1 and 3 focus on the internationalization process, article 2 takes a different path in current thesis, by focusing mainly on the entrepreneurial networks of family firms. The purpose of the second article is to generate a clearer understanding of how and why the entrepreneurial networks develop, change, and are adapted across generations in family firms that are run by second and subsequent generations. In other words, how networks development process is influenced by transgeneration and succession processes in family firms. Detailed review of network research in entrepreneurship revealed that there is a little research, to date, addressing the characteristics of the entrepreneurial networks in family firms. Moreover, it seems that there exists very little research on differences between generational owners' characteristics, views and behavior. Moreover few research has addressed how family firms are networking in general. However, the primary concern of many family firms is to develop and maintain appropriate networks over generations. Simply, the article has pointed out the potential implications of ignoring network dynamics in the theoretical development of this field and the lack of understanding of how entrepreneurial networks develop, change and are adapted over generations in family firms. Hence, article 2 is devoted to the entrepreneurial network theory and family business view. However, the findings of article 2 revealed that the entrepreneurial networks in the present generation are diverse, flexible and dynamic; while in prior generation were limited in size, static and uniform. Furthermore, prior generation had informal, personal, and a friendship relation with network members that relayed on the honesty and mutual trust, and which showed a passive approach in searching for new network ties. In contrast, the current generation seems more formal, objective and professional in its interaction with network members showing more proactive level of networking. Findings also

imply that once the sons take over family businesses, they tend to make some changes and adaptations on their fathers' entrepreneurial networks.

It is noteworthy to mention that the current thesis makes an attempt to explore and investigate the internationalization of family in the context of developing countries where the firms often lack sufficient resources, including financial, managerial and technological resources in comparison with developed countries (Zhu et al., 2007). In fact, the contexts of emerging economies is different from those of developed economies in a number of dimensions including the fact that markets are less stable and efficient due to less transparency, more extensive information asymmetries, and higher monitoring and enforcement costs; and that risks and uncertainty are high (Xu & Meyer, 2013). Therefore, such features imply that some of the assumptions of existing theories may be less appropriate for developing economies. However, developing economies have received very little attention from researchers and to date only few researches have been conducted directly in this context. Accordingly, there is a prompt need to develop an understanding of entrepreneurship and family firms in developing economies and to expand the literature of family firms' internationalization to include different cultural settings (Bruton et al., 2008).

1.2 The Research Problem, Purpose and Contributions of the Thesis

The current qualitative case-based thesis focuses on important aspects of the internationalization of family firms, international opportunity recognition, and the entrepreneurial networks, specifically within the context of developing countries. The overall idea, from one side is to explore and understand the characteristics, behaviors and processes in family firm internationalization; and to study the entrepreneurial networks in family firms in the

other side, specifically on how a change in the generation influences the entrepreneurial networks in family firms.

Generally speaking, this thesis is concerned with the way the entrepreneurs in developing countries internationalize their activities, find their international opportunities, and use the networks in such entrepreneurial processes. In other words, the present research makes an attempt to contribute in different management fields such as family firms, international business, entrepreneurial networks, social networks, and entrepreneurship in general, and within the context of developing countries.

There are several motivations for conducting this research. First of all, the role of networks in family firms' internationalization has been studied to very limited extent. This means that there is a significant research gap concerning family firm networks in the process of internationalization, bearing in mind that in research on other kinds of firms, networks have been extensively studied (see e.g. Coviello & McAuley, 1999). Moreover, it is a response to the call from Kontinen & Ojala (2010a) and Holt (2012) who suggest that there is a significant research gap concerning family firms' networks in the process of internationalization and who call for further investigation into the internationalization processes of family firms. Second, in several studies (Coviello, 2006; Crick & Spence, 2005; Ghauri, Lutz, & Testom, 2003), social networks/ties have been seen as major factors in initiating the internationalization process, with firms following their networks to foreign markets. However, the research examining the effects of social networks on international entrepreneurship has emerged only recently (Crick & Spence, 2005; Ellis & Pecotich, 2001; Komulainen et al., 2006; Loane & Bell, 2006; Sharma & Blomstermo, 2003; Ellis, 2011). In addition, very few studies have considered family firms as a

context to investigate international opportunity recognition issues (Kontinen & Ojala, 2011a, 2011b) and in particular within the context of developing countries. Indeed, family firms have taken shape to display a particularistic behavior (De Massis, Kotlar, Chua, & Chrisman, 2014). Third, current research focuses on the concept of entrepreneurial networks in family firms that are characterized by change. Also, it responds to Hoang and Antoncic (2003) who call for further research on network development processes. The core interest in the present study is the dynamic nature of entrepreneurial networks that are characterized by change (Hoang & Antoncic, 2003). Hence, generating a clearer understanding of how and why networks develop, change, and are adapted over time and how entrepreneurs use their networks to meet entrepreneurial requirements is crucial in understanding the entrepreneurial process. Finally, the current study employed a unique context such as developing countries to implement the research. However, the firms in developing countries often lack in sufficient resources, including financial, managerial and technological resources in comparison with developed countries (Zhu et al., 2007). In fact, developing economies have received very little attention from researchers and to date only limited research has been conducted directly on this context. Thus, the current study makes an academic contribution by including a deferent cultural setting (Bruton et al., 2008) to the existing literature on the internationalization of family firms. However, many recent studies have extended the horizons of existing theories; most of them are still based on existing theories from the mature Western economies (Kiss et al., 2012). The main benefits of studying developing economies to academia are not only well understanding of such economies, but also the inclusion of developing economies as a novel context with unique environment into the mainstream of entrepreneurship research which offers the

potential to expand our theoretical understanding of family firms and the international business (Kiss et al., 2012). On this basis, there is a need to pay more attention to the developing economies context in order to develop new theories as well as to expand, modify and reassess existing theories particularly in the fields of family firms and international entrepreneurship (Bruton et al., 2008).

In order to grasp a rich understanding of the context of the research phenomena, a multiple case study approach was employed. The basic rationale for the multiple case studies is that social reality is constructed in different ways in different contexts (Baxter & Jack, 2008), aligned with the interpretative research paradigm. Central to this current study was qualitative interviewing of respondents to elicit their own experiences and perceptions. However, the primary data for this case study were collected by conducting interviews with owners and managers in twenty Palestinian family and non-family firms of which seventeen are family firms, while the other three are non-family firms (see Table 4). In addition, secondary information (such as websites, annual reports, and projects documentation) was collected from each firm.

As mentioned above, this study includes three articles all of which are based on multiple case study method. Content analysis is applied in all the research articles. The research as a whole combines my personal interest in entrepreneurship and family firms, internationalization, networks and foreign cultures. In a nutshell, the ultimate purpose of this thesis is to develop a theoretical and empirical understanding of how family firms internationalize, how they find their international opportunities, and how the entrepreneurial

networks change across generation, in the context of developing countries. In addition, each article follows different objectives as following:

ARTICLE 1

The purpose of article 1 is to explore and advance our understanding of how social and business ties influence the international opportunity recognition of family entrepreneurs in developing countries. Moreover, it seeks to shed light on how family entrepreneurs in developing countries searching for international opportunities are proactive and/or reactive. The last aim is to understand how emerging empirical evidence in the context of developing countries differ from the findings of prior literature on international opportunity recognition in developed countries

ARTICLE 2

The purpose of the second article is to generate a clearer understanding of how and why the entrepreneurial networks develop, change, and are adapted over time in family firms, and to shed light on how entrepreneurial processes (*particularly, generational succession*) can impact the entrepreneurial networks of family firms.

ARTICLE 3

The purpose of the third article is to explore and shed light on weather and how and to what extent the internationalization behavior and processes of family firms are different from non-family firms in the context of developing countries. It also sets out to explore whether and how internationalization behaviors and processes of family (and non-family) firms are unique in the context of developing economies.

Although all three articles address research problem of their own, they also address the overall intent of the research since they focus mainly on the internationalization and networking of family firms in developing countries. The first empirical article focuses on the impact of social networks and business networks on the international opportunity recognition of family firms, while the second article focuses on different tracks by investigating the entrepreneurial networks in family firms and the way generational changes affect such networks. Finally, the third article focuses on the internationalization as a process that may differ between family and non-family firms. Empirically, the context of this study is family firms in Palestine. Since the empirical scope is limited to Palestinian family firms, making generalization in other contexts should be treated with care. However, the choice of Palestine as the empirical context made it possible to investigate internationalization of family firms in a particular context, which would fall under the category of developing countries due to its similarity with economic conditions in developing countries where family firms run their own businesses. The research limitations and design of each article will be further discussed in the following sections.

1.3 Research Questions

The current thesis attempts to answer several research questions in order to increase understanding of the internationalization and networking of family firms in the context of developing countries. Thus the research questions can be laid out as follows:

First article: International opportunity recognition of family firms in developing countries: the case of Palestine

1. How and why the social ties influence international opportunity recognition of family firms in developing countries?
2. How do family firms in developing countries proactively or reactively look for such export opportunities?
3. How does the emerged empirical evidence differ from the findings of prior literature on international opportunity recognition in developed countries?

Second article: How do the entrepreneurial networks change across generations in family firms?

4. How and whether the succession in family firms affects the entrepreneurial networking development process?
5. How and why entrepreneurial networks develop, change and adapt over generations in family firms.

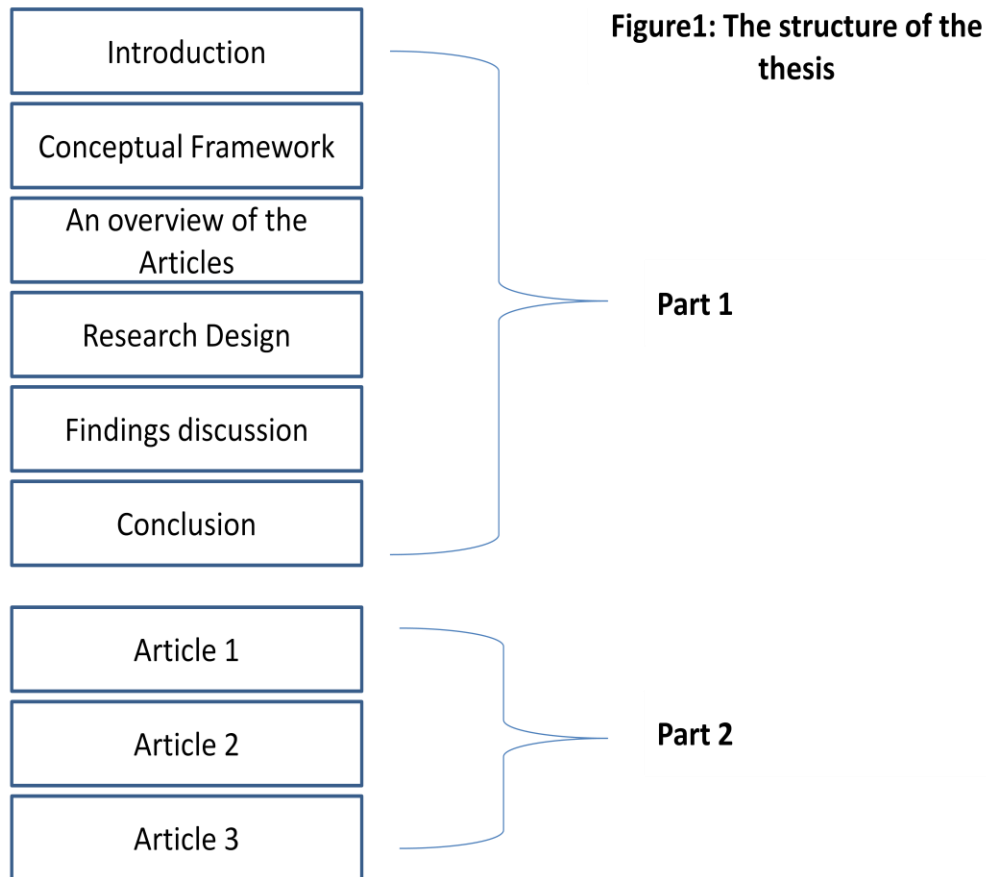
Third article: The Internationalization of Family and non-Family Firms: a Developing Countries Perspective

6. How, whether and to what extent the internationalization behaviors and processes of family firms are different from their non-family counterpart in developing countries?

1.4 The Structure of the Thesis

My thesis consists of two parts which are structured as follows. The first part consists of introduction to the research, an overview of the conceptual framework, an overview of the articles included in the thesis, the research design, findings discussion and finally conclusion.

Figure 1 shows the overall structure of the thesis:



2 Overview of the Articles Included in the Thesis

2.1 Article I: “International opportunity recognition of family firms in developing countries: the case of Palestine”.

The phenomenon studied in Article I (see Table 1) is international opportunity recognition of family firms from internationalization outlook in the context of developing countries. Opportunity recognition is at the core of entrepreneurship, but it has not been studied well enough in the internationalization context.

Table 1: Summary of Article 1

Title	International Opportunity Recognition of Family Firms in Developing Countries: The Case of Palestine
Research Questions	1. How and why the social ties influence international opportunity recognition of family firms in developing countries? 2. How do family firms in developing countries proactively or reactively look for such export opportunities? 3. How does the emerging empirical evidence differ from the findings of prior literature on international opportunity recognition in developed countries?
Theoretical Background	Discussion of the internationalization of family firms, some central concepts in opportunity recognition, and review of the literature on international opportunity recognition and social networks.
Methodology	A multiple, in-depth case study covering eight family firms; eight interviews; content analysis.
Main Findings	Family entrepreneurs recognize international opportunities depending mainly on both social and business ties, but business formal ties seem more important and influential at all internationalization stages. Family entrepreneurs have been proactive in their attempts to enter international markets. The entrepreneurs in developing countries are more proactive than those in developed countries.
Contributions	This study contributes to the field by providing empirical insights into the social network theory and the international opportunity recognition of family business by contextualizing developing countries.
Awards and Prizes	The paper was nominated for the best paper in the internationalization of family firms in the 10 th Workshop on Family Firm Management Research in University of Bergamo. May, 2014

3.2 Article 2: “How Do the Entrepreneurial Networks Change Across

Generations in Family Firms?

Article 2 (see Table 2) is describing the entrepreneurial networks as a dynamic process that passes through different generations in family firms. The main goal of this article is to understand how a generational change and succession in family firms affects the entrepreneurial networks.

Table 2: Summary of article 2

Title	How do the Entrepreneurial Networks Change Across Generations in Family Firms?
Research Questions	How and whether the succession in family firms affects the entrepreneurial networking development process? And, how and why entrepreneurial networks develop, change and are adapted over generations in family firms.
Theoretical Background	Discussion of the succession and generations in family firms, some concepts in networking development process as well as review of the literature on the entrepreneurial networks.
Methodology	A multiple, in-depth case study covering six family firms from second and subsequent generations; six interviews; content analysis.
Main Findings	First, the entrepreneurial networks in the present generation are diverse, flexible and dynamic; while in prior generation were limited in size, static and uniform. Second, prior generation had informal, personal, and a friendship relation with network members and showed passive an approach in searching for new network ties, while the new generation seems more formal, objective and professional in its interaction with network members showing more proactive level of networking. Third, once the sons take over the family business ,they tend to make some changes and adaptations on their fathers' entrepreneurial networks
Contributions	The study contributes to the fields of entrepreneurial network theory and family business research by investigating the poorly researched role of how networks work within family firms.

2.2 Article 3: “The Internationalization of Family and non-Family Firms: a Developing Countries Perspective”

Article 3 (see Table 3) makes an attempt to explore and investigate the internationalization of family versus non-family firms within developing countries context. Moreover, it continues the investigation of the unique features and characteristics of business firms in developing economies by relying on Uppsala Stage Model [Johanson and Vahlne \(1977\)](#)

and the revised 2009 Uppsala Model [Johanson and Vahlne \(2009\)](#) as the main theoretical framework.

Table 3: Summary of Article 3

Title	The Internationalization of Family and non-Family Firms: a Developing Countries Perspective
Research Questions	How, whether and to what extent the internationalization behaviors and processes of family firms are different from their non-family counterpart in the context of developing countries?
Theoretical Background	Discussing the internationalization process of family versus non-family firms as well as the internationalization of business firms in the context of developing countries. Moreover, reviewing the main concepts and assumptions of Uppsala model of internationalization process.
Methodology	A multiple, in-depth case study covering six business firms, three of which are family firms and the other are non-family ones; six interviews; content analysis.
Main Findings	The main differences between and non-family firms are in speed, performance, and networks “insidership” that higher in nonfamily firms. There are no significant differences between family firms and non-family firms in terms of foreign market selection (psychic distance); choosing entry mode; and forming networks. International businesses in developing economies are characterized by the following characteristics: (exports are the main foreign entry modes; psychic distance is not important; learning process is slow; and Internationalization of businesses is an unstructured and random process.
Contributions	First, we contribute by shedding light on specificities of family firms’ internationalization processes in comparison to non-family counterpart that are lacking in comparative studies. Second, we attempt to contribute to and enrich the original and the revised Uppsala Model of internationalization process by exploring whether and to what extent the internationalization of family businesses follows this model as well as to confirm the validity of such model in developing economies context.

3 Conceptual Framework

3.1 Family Firms

Family businesses dominate the global economic landscape ([La Porta et al., 1999](#)). The family is the original economic unit from which all other economic organizations emerged

(Schulze & Gedajlovic, 2010). Family-owned and controlled firms are an important and widely found form of business worldwide. As the statistics demonstrate, family business research is justified because of the sheer numbers of this type of business. Family business is a complicated phenomenon, not only characterized by involving the separate groups in an organization, but more importantly, by the interaction of two distinct yet overlapping domains: the business and the family (Poza, 2007). From a conventional point of view, a business system is organized to achieve specific goals, driven by profitability, and characterized by competitiveness, while a family system is bound by traditional responsibilities and values, and characterized by family culture and ethnicity (Barrett, Walker, Dunemann & Rajapakse, 2005; Birley, Ng & Godfrey, 1999). Meshing one system with the other inevitably forces this type of business to face many challenges that are not evident in non-family firms, because the family's values, biases and internal relationships influence the business's operating style, decision-making process, and future prospects relative to family and business processes (Poza, Hanlon & Kishida, 2004; Craig & Lindsay, 2002).

The research in family businesses is still at an early stage as a scientific discipline, but it has undergone vigorous developments (Sharma, 2004; Zahra & Sharma, 2004) since its beginnings in the mid-1980s (Bird et al., 2002). The field of family businesses has been of interest to management researchers and writers as a topic of scholarly inquiry, however, the discipline has been largely ignored until the last decade. The literature on family enterprises is not as voluminous as in other management areas (Bird et al., 2002). General topics of interest have received particular attention, including succession (Handler, 1994; Lansberg & Astrachan 1994; Sharma et al., 2003), corporate governance (Dino et al., 2005; Miller & Le Breton-Miller,

2007), strategic management (Chrisman et al., 2005), etc. More efforts are needed to address the complexity of family companies and understand how they are similar and different from other types of organizations. Indeed, scholars in the family business field have sought to clarify the specific features of family firms by studying the intertwining of ownership, management and the family in family businesses.

Even though the family business research has been growing over the last decade, it is still lacking a consensus on the exact definition of family business (Chrisman et al., 2008). Researchers are making a major effort to develop a generally accepted definition (Litz 1995; Miller et al., 2007). However, since there has been no clear definition of a family firm, researchers still have difficulty finding a common frame or establishing a consensus as to what constitutes a family firm (Litz, Pearson, & Litchfield, 2012). This fact has set limits to the cumulative body of knowledge in the field. Handler (1992) identified four ways in which researchers typically define family firm: (a) degree of ownership by family members, (b) degree of management by family members', (c) degree of family involvement (Mayer, Davis, & Schoorman, 1995), and (d) potentiality for generational transfer, such as international expansion.

Researchers might employ one, two, three or four of these criteria in their definitions, nevertheless they have different perspectives on a given dimension (for example concerning what proportion of the shares of the company the family actually needs to own). Different definitions of family firm have been employed in the present thesis according to the purpose of each article, for example, in the third article family firms are defined as "a firm where the family owns the majority of stock and exercises full managerial control" (Gallo & Sveen, 1991,

p. 182), while in the second article, I followed Chua, Chrisman, and Sharma (1999, p. 25) in defining a family business as “a business governed and/or managed with the intention to shape and pursue the vision of the business held by a dominant coalition controlled by members of the same family or a small number of families in a manner that is potentially sustainable across generations of the family or families.” However, generally speaking, three criteria have been adopted to distinguish family from non-family firms. In order for a firm to be termed as a family firm, it (1) has to control the largest block of shares or votes, (2) should have one or more of its members in key management positions (Zahra, 2003), (3) It is perceived by entrepreneurs to be a family firm (Westhead, Cowling, & Howorth, 2001). This definition is based on two criteria of ownership and management presented, for instance, by Graves and Thomas (2008), and on the notion of continuity presented e.g. by Zahra (2003).

Broadly speaking, the feature that makes a family firm different from a non-family firm is the involvement of the family in the ownership and management of the firm: the family business is a combination of the reciprocal economic and non-economic values created through the combination of the family and the business systems. The specific features of a family firm have been called familiness. The term *familiness* refers to the causal relationships between a business-owning family and the resources and capabilities of a business. Familiness is defined as “the unique bundle of resources a particular firm has because of the systems interaction between the family, its individual members and the business” (Habbershon & Williams, 1999, p. 11). Familiness may lead to hard-to-duplicate capabilities, and it can allow family firms to survive and grow in an adverse economic environment (Christman et al., 2005, 2006). Sirmon and Hitt (2003) suggest five unique characteristics that can differentiate family firms from non-

family firms and which are thus related to their familiness: human capital, social capital, survivability capital, patient capital, and governance structures and costs. According to their review, the positive attributes of human capital include extraordinary commitment, warm, friendly, and intimate relationships, and the potential for deep firm-specific tacit knowledge. These five unique resources (which are absent from non-family firms but which are present in family firms) may contribute to wealth creation, so long as they are linked to adequate management capabilities. By extension, wealth creation may allow entrepreneurial activities.

3.2 Internationalization of Family Firms

The first published article that focuses directly on family firm internationalization appeared in 1991 (Kontinen & Ojala, 2010a). Even up to the present, the number of studies on family firms' internationalization has remained poor. The internationalization of family firms is developing into a significant research area (e.g. Sciascia et al., 2010). In fact, family firms have traditionally focused on domestic markets; they increasingly find themselves obliged to get internationalized, in order to survive and grow in a market that is becoming more globally competitive.

Beamish (1990,p.77) defines internationalization as the “process by which firms both increase their awareness of the direct and indirect influence of international transactions on their future, and establish and conduct transactions with firms in other countries.”

Even though the internationalization is considered as the most complex strategy that any family firms can adopt, it has many advantages in the long term competitiveness of family firms (claver et al., 2008), for instance, it allows the organization to have an access to a larger market, achieve economies of scale, diversify risk, or at least avoid competitive disadvantages

(Gallo & Sveen, 1991). Yet, family firms are usually at a disadvantage comparing to nonfamily firms when accessing resources and capabilities required for managing a high growth process like internationalization. For example, they have financial difficulties (Chittenden et al., 1996; Friedman & Friedman, 1994; James, 1999); they tend to have a conservative attitude toward risk (Ward, 1998); they lack in managerial capabilities (Graves & Thomas, 2006, 2008), and finally, they lack in bridging network ties (Graves & Thomas, 2004). In addition, family firms' founders are usually reluctant to make changes in the organizational structures and professional management. However, some studies have argued that internationalization of family firms is different from that of non-family ones (Fernandez & Nieto 2005; Graves & Thomas 2006; Kontinen & Ojala 2010a). Recent empirical findings by Sciascia et al. (2010) indicate that different levels of family ownership affect the internationalization of these firms. This may arise from the fact that family firms are less likely to internationalize than non-family firms (Fernandez & Nieto, 2005; Graves & Thomas, 2006) or as Gallo and Estape (1992) puts it, family firms are less prone and slower to internationalize than non-family firms. As a matter of fact, till now, there is no consensus on the effects of family ownership; for example, Zahra (2003) supports a positive influence, while Fernandez and Nieto (2005, 2006) suggest a negative effect on internationalization of family firms, even some other scholars find no difference between family and non-family firms (e.g., Cerrato & Piva, 2010; Pinho, 2007).

Indeed, the strategic differences between family and non-family firms take several forms for example, one may there exist in foreign target market selection (see e.g. Davidson, 1983; Ojala & Tyrvinen, 2007). In the same vein, since family firms normally take risk-avoidance strategies, one may argue that family firms favor countries that are culturally and

geographically close, and may select low commitment operation modes (see e.g. Johanson & Vahlne, 1977; Kumar & Subramaniam, 1997) in order to protect their independence and maintain control over the firm. Drawing on this assumption, export is the most popular form, while strategic alliances and joint ventures seem to be avoided (Pukall & Calabrò, 2014). Moreover, family firms tend to be slower in the internationalization process in the short-run compared to non-family firms, but in the long-run, they are to a similar degree. This matter can be explained by Pukall and Calabrò's (2014) idea that family firms do not regularly monitor the international market place, and that the reluctance of family firms to build up relationships in foreign networks is due to the potential loss of socioemotional wealth. The family members usually have their specific objectives, not merely to make a profit but also to maintain socioemotional wealth and the non-financial aspects of the firm that meet the family's affective needs, such as identity, the ability to exercise family influence, and the perpetuation of the family dynasty (Gomez-Mejia et al., 2007, 2010). Another difference as Graves and Thomas (2008) indicated seems to be in the fact that family firms may be more reactive rather than proactive when they recognize international opportunities. Tsang (2002) also found that family firms had the most unstructured internationalization process, whereas non-family ones had more strategic processes. From the vantage point of networking, family firms do not form networks as easily as non-family firms do. Moreover, prior research on family firms has found that family firms compared to non-family ones exhibit lower levels of international diversification (Gomez-Mejia et al., 2010). Finally, Pukall and Calabrò (2014) suggest that the influences of family ownership on different aspects of internationalization such as the type of market entry, internationalization speed, or degree of international sales are highly inconsistent

The review of literature in the international entrepreneurship has found that the international opportunity recognition, an important aspect affecting internationalization (Dimitratos & Jones, 2005; Ellis, 2011; Zahra et al., 2005) have been overlooked; indeed, there are a little research articles discussing this aspect in the context of family firms (Graves & Thomas, 2004). Moreover, there is a significant research gap concerning family firm networks in the process of internationalization, bearing in mind that in research on other kinds of firms, networks have been extensively studied (see e.g. Coviello & McAuley, 1999). Since the review revealed a lack of knowledge about how entrepreneurs in family firms recognize international opportunities, this research take international opportunity recognition as the phenomenon to be addressed. Additionally, investigating the internationalization process of family firms as distinct entities and identifying their specific features and characteristics are crucial for developing the research field. Hence, the current thesis sheds a new light on specificities of family firms' internationalization processes in comparison to non-family firms that are missing in comparative studies. In fact, the internationalization processes of family firms are under-researched (Arregle et al., 2007; Graves & Thomas, 2004; Kontinen & Ojala, 2010a), particularly, within the context of the developing economies.

3.3 International Entrepreneurship

With the increasing globalization of markets, interest in international entrepreneurship has grown rapidly over the past two decades (Hisrich et al., 1996; Keupp & Gassmann, 2009; Knight & Cavusgil, 1996, 2004, 2005; McDougall et al., 1994; Oviatt & McDougall, 1994, 2005; Zahra & George, 2002). The research field of international entrepreneurship took its first steps in the late 1980s, when it was realized that there were a growing number of small firms in the

international arena, and that we had a very limited understanding of their behavior. Oviatt and McDougall (2005: p. 540) define International entrepreneurship as “the discovery, enactment, evaluation, and exploitation of opportunities— across national borders—to create future goods and services.” International entrepreneurship is fundamentally captured in the identification and exploitation of opportunities for international exchange. However, in the field of entrepreneurship, opportunity recognition has been regarded as a key aspect of the entrepreneurial process (Shane & Venkataraman, 2000; Ozgen & Baron, 2007). Although opportunities may exist, they can be exploited only if an entrepreneur recognizes the opportunity and understands its value for further business (Shane & Venkataraman, 2000). Awareness of this aspect has led to recent interest in the precise means by which entrepreneurs identify and exploit new international opportunities (Chandra et al., 2009; Dimitratos & Jones, 2005; Ellis, 2008; Johanson & Vahlne, 2009; Zahra et al., 2005). Oviatt and McDougall (1994) provided a theoretical foundation as to why some firms the so-called as international new ventures were international from inception. They observed that the internationalization of international new ventures is related to opportunity-seeking behavior in which the venture “seeks to derive significant competitive advantage from the use of resources and the sale of outputs in multiple countries” (Oviatt & McDougall, 1994, p. 49). In addition, the personal characteristics, knowledge, and network relationships of an entrepreneur were important personal-level characteristics to explain the rapid and early internationalization of new ventures (Oviatt & McDougall, 2005).

The discipline of international entrepreneurship combines ideas from entrepreneurship and international business (Oviatt & McDougall, 1994, 2005). Research investigating

international entrepreneurship has been identified as one of the critical areas for further work within the international business domain (Dimitratos & Jones, 2005; Style & Seymour, 2006; Young, Dimitratos, & Dana, 2003; Zahra, 2005). While scholars in the field of entrepreneurship concentrate on how firms are set up in a domestic context, researchers on international business study large, established multinational companies. Throughout its history, scholars in international entrepreneurship have mainly focused on early internationalized firms such as born-global or international new ventures (Dimitratos & Jones, 2005) within knowledge-intensive sectors (Coviello & Jones, 2004). These studies have investigated aspects such as the reasons for the emergence of early internationalized firms, firms' international performance and subsequent international growth, and knowledge and networks in internationalization (see Rialp et al., 2005). These established international SMEs, which include international family SMEs, have received less attention from researchers on international entrepreneurship. Scholars have therefore called for research which would go beyond early internationalized firms (Young et al., 2003), and which would include a variety of enterprises (Coviello & Jones, 2004; Dimitratos & Jones, 2005).

3.4 The Opportunity Recognition View

The opportunity recognition view is focused on entrepreneurial opportunities (Baron, 2006; Shane, 2000; Shane & Venkataraman, 2000). As acknowledged in several studies (Baron 2006; Shane 2000; Shane & Venkataraman, 2000) opportunities have a crucial role in the entrepreneurial process. The main point of interest here is the question why certain individuals discover opportunities that others do not (Kirzner, 1997; Shane, 2000; Shane & Venkataraman, 2000; Venkataraman, 1997). However, opportunity recognition is influenced by entrepreneurs'

participation in social and business networks (Aldrich & Zimmer, 1986; Coviello & Munro, 1997; Johanson & Mattsson, 1988; Loane & Bell, 2006; Meyer & Skak, 2002; Mort & Weerawardena, 2006; Sharma & Blomstermo, 2003; Singh, 2000). For example, a number of researchers (e.g. Crick & Spence, 2005; Ellis, 2011; Ozgen & Baron, 2007; Singh, 2000) have suggested that an entrepreneur's contacts and network ties with others are important in the opportunity recognition process. Moreover, the activeness of entrepreneurs in the search for new information is important in opportunity recognition as well (Baron, 2006; Hills & Schrader, 1998). Still, Identifying and selecting the right opportunities for businesses are among the most important abilities of a successful entrepreneur (Stevenson et al., 1985). However, finding new opportunities may involve introducing new goods and services, exploring new markets, developing new production processes and/or combining raw materials in new ways (Venkataraman, 1997; Shane & Venkataraman, 2000).

In the prior literature on entrepreneurship, it was implicitly assumed that recognition of opportunity is preceded by a systematic search for available opportunities. In recent years, many researchers have challenged this approach, arguing that people do not search for opportunities, but, rather, happen to recognize the value of new information, which they happen to receive by accident without actively searching for them (Ardichvili, Cardozo, & Ray 2003; Kirzner, 1979). For example, Koller (1988) reported that most entrepreneurs recognized, rather than sought the opportunities for their firms. Also Shane (2000) found that none of the case firms in his study actively sought out opportunities prior to their discovery. Instead, the opportunity was recognized accidentally. However, entrepreneurship as an academic field is gaining importance, as researchers try to understand why some people succeed in discovering

opportunities while others do not, and how these discovered opportunities are evaluated and exploited. Opportunity recognition can be defined as “the cognitive process (or processes) through which individuals conclude that they have identified an opportunity” (Baron, 2006, p. 107). Opportunity recognition also plays a central role in the internationalization of firms. Ellis (2011, p 101) defines international opportunity “as the chance to conduct exchange with new partners in new foreign markets. Zahra et al. (2005) describe international opportunity recognition as an iterative process whereby the entrepreneur revises his/her concept several times, on the basis of intuition, formal and informal feedback, and the results of errors”. Ellis (2008) recognized four different means for recognizing opportunities in a foreign market, namely: (1) formal searches, (2) participation in international trade fairs or exhibitions, (3) social ties, and (4) responses to advertisements. Moreover, the opportunities in foreign markets can be recognized by using competencies such as networks and previous experiences that are unique to entrepreneurs (McDougall, Shane, & Oviatt, 1994). Thus, awareness of opportunities in foreign markets can be an initiator for foreign market entry (Dimitratos & Jones, 2005). Researchers on international entrepreneurship have called for more research on international opportunity recognition (Dimitratos & Jones, 2005; Ellis, 2008; Zahra et al., 2005), suggesting that such research is fundamental for the development of the field (Oviatt & McDougall, 2005).

Finally, information plays a central role in opportunity recognition (Ozgen & Baron, 2007; Shane 2000; Shane & Venkataraman, 2000). Information involving patterns of changing conditions—for instance, changes in technological, economic, political, social, or demographic circumstances—can be regarded as a source of opportunity recognition (Baron, 2006).

3.5 Social Networks Theory

According to [Smith-Doerr and Powell \(2005\)](#), the foundation of the network analysis in social network theory was provided by [Simmel's \(1955\)](#) arguments regarding the importance of understanding group composition in order to understand social life. Over the years, certain concepts from social network research have been widely adapted in the body of the literature. It goes without saying that, although early arguments suggested that social network theory should include both the: 1) structure of the network and 2) interaction between the actors ([Granovetter, 1985; Coleman, 1988; Powell, 1990; Burt, 1992](#)), most social network research is derived from what has come to be known as the 'new economic sociology'. A verity of masseurs to assess relationships configurations and identifying similarity and differences across networks can be found ([Smith-Doerr & Powell, 2005](#)). Examples include studies on the strength of weak ties ([Granovetter, 1973](#)); tie embeddedness ([Granovetter, 1985; Uzzi, 1997](#)); network cohesion ([Coleman, 1998](#)) and existence of structural holes in the network ([Burt, 1992](#)). Social networks have been found to be important in the opportunity recognition process, both generally and in the specific case of internationalized firms ([Crick & Spence, 2005; Ellis & Pecotich, 2001; Harris & Wheeler, 2005; Sharma & Blomstermo, 2003; Zain & Ng, 2006](#)). The extent of an entrepreneur's social network is positively related to opportunity recognition, and the entrepreneurs who have extended networks identify significantly more opportunities than entrepreneurs who lack such networks ([Sing et al., 1999](#)) as social networks serve as conduits for the spread of information concerning new opportunities ([Burt, 2004](#)). Furthermore, the information about new opportunities tends to disseminate via social ties linking people in separate social clusters ([Burt, 2004](#)). However, some scholars define social ties narrowly

distinguishing them from other types of interpersonal tie such as business and family ties (Coviello, 2006). Others interpret social ties as describing the set of all interpersonal ties, as opposed to inter-organizational ties (Ellis, 2000; Shane, 2003). In the current thesis, a more general meaning of social ties has been used as the ties between people specially friends, relatives, and family members.

In fact, social networks provide information about foreign business opportunities, and help to facilitate screening and evaluating potential exchange partners (Axelsson & Johanson, 1992; Ellis, 2000; Ellis & Pecotich, 2001). A growing number of case base studies are showing how entrepreneurs learn about international opportunities through their existing ties with others (Chandra et al., 2009; Crick & Spence, 2005; Ellis & Pecotich, 2001; Komulainen et al., 2006; Sharma & Blomstermo, 2003; Zain & Ng, 2006). However, in research examining the internationalization of firms, the influence of social networks has been highlighted in studies examining personal networks (Qiu, 2005), informal networks (Coviello & Munro, 1997; Zain & Ng, 2006), relational networks (Chen & Chen, 1998), social networks (Komulainen et al., 2006), interpersonal relationships (Harris & Wheeler, 2005) and personal contacts (Andersen, 2006). The role of social networks in foreign market selection and entry indicates that international entrepreneurial opportunity development is a discovery process rather than solely determined by strategic decisions, rational processes, or systematic information gathering (Styles & Ambler, 1994; Coviello & Munro, 1995). Nevertheless, social relationships with family members and close friends was found not to increase the ability to recognize new opportunities, and this was due to the lower industry-specific knowledge and experience of family members and close friends (Kontinen & Ojala, 2011a). As a matter of fact, prior studies on the use of social ties in

international opportunity recognition have so far yielded controversial results. On the one hand, some studies emphasize the importance of social ties in discovering opportunities; on the other hand, other studies underestimate the value of such ties. For example, [Zain and Ng \(2006\)](#) found that Malaysian software firms entered numerous foreign markets based on information acquired from managers' networks of friends, relatives and contacts. Also, [Crick and Spence \(2005\)](#) reported in their study that seven of twelve UK cases used friendship ties to identify new international exchange opportunity. Moreover, in their study of Australian exporters, [Ellis and Pecotich \(2001\)](#) found that social ties linking entrepreneurs with former employees, dealer networks, migrating customers, fellow doctors and family members were instrumental to identifying exchange partners in 25 out of 31 international exchanges. Finally, [Rutashobya and Jeansson \(2004\)](#) found that relationships with former customers, friends and relatives living in foreign markets, were used to facilitate foreign market entry for a group of Tanzanian handcraft enterprises. On the contrary, [Kontinen and Ojala \(2011b\)](#) in their recent study on eight family SMEs found that none of the cases utilized family ties in the international opportunity recognition process. Also in another study, [Kontinen and Ojala \(2011a\)](#) reported that family firms mainly recognized international opportunities by establishing new formal ties rather than using existing informal or family ties. Moreover, [Ozgen and Baron \(2007\)](#) suggested in their study that family ties did not facilitate the opportunity recognition process of information technology firms. Given these controversial findings, there seems to be a need for further exploring the potential role of social ties in international opportunity recognition, to deepen our understanding to whether and how social ties affect international opportunity recognition. As a matter of fact, the research in the social networks on international

entrepreneurship has emerged only recently (Crick & Spence, 2005; Ellis & Pecotich, 2001; Komulainen et al., 2006; Loane & Bell, 2006; Sharma & Blomstermo, 2003; Ellis, 2011).

3.6 Emerging Economies

The current thesis is developed in the context of developing countries as an attempt to explore and investigate the internationalization of family and nonfamily firms in unique contexts where the firms often lack sufficient resources, including financial, managerial and technological resources (Zhu et al., 2007). According to Xu and Meyer (2013) developing economies are different from developed economies in a number of aspects, including what follows: less stability and efficiency of markets due to less transparency; more extensive information asymmetries; and high risk and uncertainty due to high volatility of key economic, political, and institutional variables. Such distinct features imply that some of the assumptions of existing theories may be less appropriate for developing economies. Undoubtedly, developing economies have received very little attention from academic inquiry and to date only limited research is directed on this context. The fact of the matter is that many recent studies have extended the domains of the existing theories, but most of them are still based on existing theories from the mature Western economies (Kiss, et al., 2012). Given the significant differences in the political, economic, and cultural environments of developing economies, there is a need for international entrepreneurship and international business scholars to investigate the internationalization of entrepreneurial firms in developing countries and emerging markets as the results of studies done in developed economies may not be generalizable to emerging economies' firms. However, the main benefits of studying developing economies to academia lie not only in well understanding such economies, but in the fact that

the inclusion of developing economies as a novel context with unique environment into the mainstream of entrepreneurship research offers the potential to expand our theoretical understanding of family businesses and the international business (Kiss, et al., 2012). Therefore, there is a need to focus more on the context of developing economies in order to enable the researchers to develop new theories as well as to expand, modify and reassess existing theories in the fields of family business and international business (Bruton et al., 2008). Finally, the vast majority of the research to date in developing economies has focused on China and on states in the former Soviet Union or former communist nations in Eastern Europe, and there is a total absence of investigations focused in sub-Saharan Africa, Latin America, and the Middle East. Hence, considering Palestine as a Middle Eastern country in the current study will provide new insights into the internationalization of family business literature which has not investigated so far within this context.

3.7 Entrepreneurial Networks

Few phenomena in today's business world have had the same breakthrough and impact as networks. Networks are a key element in entrepreneurial social processes and have also been found to be important for entrepreneurial firms (Drakopoulou-Dodd, Jack, & Anderson, 2006; Hoang & Antoncic, 2003; O'Donnell, Gilmore, Cummins, & Carson, 2001). Networking extends the reach and abilities of the individual to capture resources that are held by others and so improve entrepreneurial effectiveness (Davidsson & Honig, 2003; Jack, Drakopoulou-Dodd, & Anderson, 2004; Hite, 2005; Ozcan & Eisenhardt, 2009; Slotte-Kock & Coviello, 2010). The importance of networks for the entrepreneurial process is not constrained to the start-up

stage, but also entrepreneurs continue to rely on networks for advice, problem solving, get ideas and gather information to recognize entrepreneurial opportunities (Birley, 1985; Smeltzer et al., 1991; Johannisson et al., 1994; Hoang & Antoncic, 2003). Moreover, networks not only influence individuals but also impact significantly on how organizations are managed, developed, maintained and sustained (Nohria & Eccles, 1992; Nelson, 2001). In the current thesis, we follow Salanick's (1995, p 345) definition of network as "network are constructed when individuals, weather organization or humans, interact". A similar definition is used by Hoang and Antoncic (2003, p. 167) who also provides a general definition of a network as "consisting of a set of actors and some set of relationships that link them". These definitions emphasize the notion of actors and links between them that form the foundations and the shape of the network.

Since the 1990s according to Neergaard et al. (2005), networking becomes a major theme in entrepreneurship research (Hansen, 1995; Chell & Baines, 2000; Dodd et al., 2002; Jack et al., 2008). Nevertheless, Jack et al. (2008) raised the issue that network research lacks clear conceptual considerations and that it is not effectively used as an analytical tool. Moreover, entrepreneurship research on networks usually lacks a development perspective (Hoang & Antoncic, 2003). However, while the role of networking in new venture start-up is well established (Hite & Hesterly, 2001), we know a little about how networking operates and changes for entrepreneurial businesses beyond start-up. Furthermore, despite the pervasion of the network concept and its increasing popularity, many questions are still unanswered about the content of network interactions (O'Donnell et al., 2001; Barnir & Smith, 2002; Lechner & Dowling, 2003), the processes within network relations (O'Donnell et al., 2001) and the

dynamic nature of networks over time (O'Donnell et al., 2001; Lechner & Dowling, 2003; Shaw, 2006). Consequently, network research can involve the study of a wide range of features and aspects such as network structure, size, interactional processes, influences, behaviors and skills (Coviello, 2005). In spite of the considerable attention that networks have received, significant gaps still exist in knowledge and understanding about the relationship between entrepreneurship and networks. In particular, gaps that stand out are relating to issues of process, transformation, empowerment, enactment, operation and dynamics (Jack, 2010). Our interest in the current thesis is the dynamic nature of entrepreneurial networks that are characterized by change (Hoang & Antoncic, 2003). For example, Larson and Starr (1993) were among the first to argue that entrepreneurial networks change over time. The network appears to shift and adapt to fit the needs of its participants (Jack, 2010). Hence, generating a clearer understanding of how and why networks develop, change, and are adapted over time and how entrepreneurs use their networks to meet entrepreneurial requirements is crucial in understanding the entrepreneurial process. However, the aim of current thesis is to answer the following questions regarding the entrepreneurial networks in family firms in: what ways, for what reasons, why and how do networks develop, change and adapt between generations (before and after succession) in family firms over time.

3.8 Family Business Succession and Generational Differences

As family businesses are a primary contributor to the economic and social well-being of all capitalist societies, their lack of longevity is a cause for concern. It has been estimated that, internationally, only 30% of family businesses survive to the second generation, while less than 14% make it beyond the third generation (e.g., Bjuggren & Sund, 2001, p. 12; Fleming, 1997, p.

246; Matthews et al., 1999, p. 159). According to several authors and consultants, one of the main reasons for the high failure rate among first and second generation of family businesses is their inability to manage the complex and highly emotional process of ownership and management succession from one generation to the next (Matthews et al., 1999, p. 160). Succession is considered as a significant moment in a family business's life. Indeed, Ward (1987) defines a family business as a business that will be passed from one generation to another. As a matter of fact, family business succession is a complex process that takes time and involves several and different factors (De Massis et al., 2008), and where the incumbent and the successor goes through different phases. Thus, is it not surprising that management succession is the most important concern of family business leaders (Chua, Chrisman, & Sharma, 2003) and the most frequently researched topic in the family business literature (Brockhaus, 2004; Handler, 1992; Ward, 2004).

In the current thesis, particularly in the second article, we follow Chua, Chrisman, and Sharma (1999, p. 25) in defining a family business as “a business governed and/or managed with the intention to shape and pursue the vision of the business held by a dominant coalition controlled by members of the same family or a small number of families in a manner that is potentially sustainable across generations of the family or families.” This definition is consistent with our purpose since it emphasizes the importance of transgenerational in family firms. Succession refers to situations where both the incumbent who relinquishes managerial control and the successor who takes it over are family members. The succession process is defined as the actions, events, and developments that affect the transfer of managerial control from one family member to another (Sharma, Chrisman, Pablo, & Chua, 2001).

Churchill and Hatten (1987) developed a life-cycle approach to describe the succession process between father and son in a family firm. They distinguish four stages: (1) a stage of owner management, where the owner is the only member of the family directly involved in the business; (2) a training and development stage, where the offspring learns the business; (3) a partnership stage between father and son; and (4) a power transfer stage, where responsibilities shift to the successor. On this basis, the present research is focused mainly on the last stage of succession process where the responsibilities are relinquished to successors' shoulders, seeking out to understand how successors will manage in family business networks. Although approximately one-third of the family business literature is devoted to succession issues (Sharma, Chua, & Chrisman, 2000, p. 234), knowledge of what actually happens after family businesses are successfully passed down to the next generation remains overlooked. However, we know much less about how networking operates and change in family firms and the impact of successive generational owners on networking processes.

As far as the generational issues in family business are concerned, the literature is still pre-occupied with succession (e.g., Cater & Justis, 2009; Miller, Steier, & Le Breton-Miller 2003; Brenes, Madrigal, & Moilina-Navarro 2005; Venter, Boshoff, & Maas, 2003). For instance, a more recent review of family business research (Debicki et. al., 2009) found that 15.1 percent of articles in main four journals between 2001-2007 focused on succession. Unfortunately, there doesn't seem to be much about differences between generational owners' characteristics, views and behaviors. However, the attitudes and behaviors of family businesses can vary throughout the generations (Swinth & Vinton, 1993; Welch, 1992). For example, different generations of owners in family firms exhibit different interests, management styles, and

objectives (Okorafo, 1999). Each generation of leadership brings new strategic ideas that build on underlying, long-held competencies developed for earlier strategies (Ward, 1998). The later generations can also be expected to be more qualified, educated, have more information, and better prepared (Fernández & Nieto, 2005). Therefore, the second and subsequent generations may have acquired abilities and knowledge that the founders did not have (Fernández & Nieto, 2005). The existing literature suggests a variety of possible differences between first-generation and subsequent-generation family firms, but most studies' examinations of generational issues were only a small or tangential part of a larger focus on other or broader family firm issues (Sonfield & Lussier, 2004). The generational perspective of a family firm emphasizes that members of different generations differ in terms of the stage of development of their firm, as well as in terms of their own capability to influence the firm's strategic direction (Greiner, 1972; Sonfield & Lussier, 2004). Moreover, researchers have found generational differences among first, second and beyond-generation family firms, along different variables (e.g. Bammens et al., 2008; Sonfield & Lussier, 2004). For instance, in the first generation family firms, the presence of the founder is the most powerful influence on organizational development (Brun de Pontet et al., 2007). However, the founder is an entrepreneur, who drives the firm's development and expansion based on his or her intuition, business idea and strategies, rather than on industry characteristics and/or competitors' moves. In fact, the second-generation managers in family firms usually face different challenges (Gersick et al., 1997). Therefore, they must push for new ways to do things, given the changing environmental conditions if they want to move beyond the legacy of the previous generation (Handler, 1992). Furthermore, compared to the first-generation founders, the second-generation managers often possess more formal education

and sometimes outside experience (Sonfield & Lussier, 2004), which gives them a greater ability to engage in analyzing markets and competitors in order to find space for new entrepreneurial activities. The outside working experience allows and helps the successor to gain and develop its networks that may differ significantly from the previous generation.

3.9 The Uppsala Model of Internationalization (1977, 2009)

The internationalization process model that generally known as the Uppsala model with both versions the original Uppsala Model (Johanson & Vahlne, 1977) and the revised Uppsala internationalization process model (2009) Johanson and Vahlne (2009) is one of the most frequently cited and best known traditional theories in the international business field. The Uppsala Model framework directly considers processes, networks, and capabilities of the focal firm and provides the strongest process orientation compared with the other internationalization theories. However, the internationalization process model (Uppsala Model) is dynamic and has implications on iterative and cumulative processes of learning, trust, commitment building, as well as knowledge, recognition of opportunities and network position. The original Uppsala model (Johanson & Vahlne, 1977) explains firms' internationalization as a sequential and incremental process which firms internationalize their operations. Thus, firms first internationalize to countries for which the psychic distance is low with using exports as entry mode. When the firm gains more international experience it increases international involvement by using more commitment modes as well as exports to countries that are at a greater psychic distance.

After more than 30 years later, the authors revisited their model, performing some major changes to the framework (Johanson & Vahlne, 2009). The main adaptation in the revised Model (2009) compared with their old model is the specific focus on networks and network relationships as the main drivers for firm internationalization. However, since the time of original Uppsala model (Johanson & Vahlne, 1977) a number of studies have demonstrated the role of networks in the internationalization of firms (Welch & Welch, 1996; Coviello & Munro, 1995, 1997; Chen & Chen, 1998; Chetty & Blankenburg Holm, 2000; Elango & Pattnaik, 2007; Loane & Bell, 2006). Such studies have promoted Johanson & Vahlne to revisit their original model which was published in 1977 and to bring into being a new model in 2009. They noticed that their original model needs to be developed further in light of clear evidence of the importance of networks in the internationalization process of firms (Johanson & Vahlne, 2009). However, their goal was to develop a more general business network model of firm internationalization, in addition to analyze commitments to positions in business networks in foreign markets context, and including learning, trust building and opportunity creation as process variables. Johanson and Vahlne (2009) cleared that the difficulties and rewards associated with foreign market entry are very much the same as those associated with domestic market entry. As they pointed: "markets are networks of relationships in which firms are linked to each other in various, complex and, to a considerable extent, invisible patterns. Hence insidership in relevant network(s) is necessary for successful internationalization" (Johanson & Vahlne, 2009, p.1411). They also indicated that relationships offer firms an opportunity for learning and for building trust and commitment, essential prerequisites for internationalization. Additionally, a number of studies according to Johanson & Vahlne (2009)

have shown the importance of relationships in the internationalization process (Bonaccorsi, 1992; Erramilli & Rao, 1990; Majkgard & Sharma, 1998; Sharma & Johanson, 1987). The revised Uppsala Model of internationalization Johanson and Vahlne (2009) is also called business network model of internationalization process. The model suggests as shown in Figure. 2, there are two set of variables: state and change, each of which consists of two categories. The first state variable category is knowledge, in particular recognition of opportunities as subset of knowledge, which considered by Johanson and Vahlne as the most important element of the body of knowledge that drives the process. The additional important components of knowledge include needs, capabilities, strategies and networks. The more knowledge firms have about each other, the closer their relationship. The second state variable category is the network position. A focal firm with a good network position enjoys a beneficial exchange with its partners. Johanson and Vahlne (2009) assume in their model that the internationalization process is pursued within a network, and the relationships are characterized by specific levels of knowledge, trust and commitments.

On the other hand, as seen in the down right-hand box of the model of Figure 2, the first change variable is learning, creating, and trust building. According to Johanson and Vahlne (2009) the speed, intensity, and efficiency of the processes of learning, creating knowledge, and building trust depend mainly on the knowledge, trust, and commitment, and particularly on the extent to which the both sides of a relationship find given opportunities appealing, since that developing opportunities is a critical part of any relationship. The other change variable is relationship commitment decisions, that is, to increase or decreases the level of commitment to one or several relationships in focal firm' network. A change in commitment will either

strengthen or weaken the relationship. However, the commitment decision will be visible through changes in entry modes, the size of investments, organizational changes, and the level of dependence. Such international commitments enable a firm to gain experiential knowledge about foreign business environments such as knowledge about customers, competitors, and regulatory authorities. Usually a focal firm changes a commitment because of the first state variable, for example, when it learns that an actor on the other side of the relationship is either unable or unwilling to cooperate as desired. From a network standpoint, the relationship commitment decisions revolve around, from the first hand, developing new relationships, in most cases businesses, building bridges to new networks and filling structural holes (Burt, 1992). From the second hand, protecting or supporting the firm's existing network of strategic relationships.

The variables in this model have an effect on each other, the current state having an impact on change, and vice versa. For example, the state variables "existing knowledge and opportunities" and "network position" are the basis for the focal firms' commitment decisions that lead to processes of learning, creating opportunities and building trust (as change variables), which eventually change a firm's network position and more generally the state variables, usually to a higher level (Johanson & Vahlne, 2009).

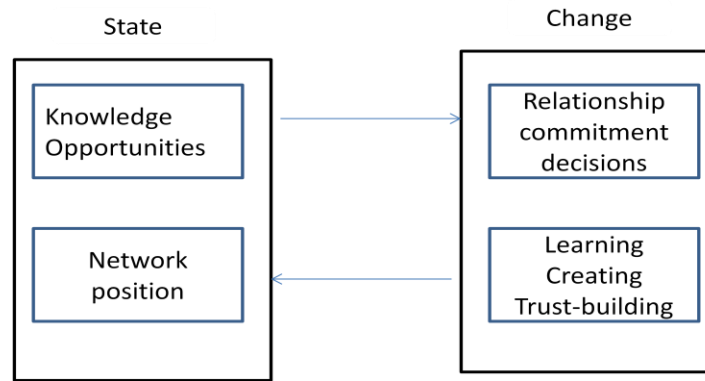


Figure 2: The business network internationalization process model (the 2009 version).

Source: (Johanson and Vahlne 2009:1424)

Generally speaking, the Uppsala model has been seen as giving a good account of the internationalization of family firms (Claver et al., 2007; Graves & Thomas, 2008). Thus, family businesses tend to follow the projections of the Uppsala Model as family businesses usually take risk-avoidance strategies (Claver et al., 2008; George et al., 2005), would lead one to expect that family firms will favor countries that are culturally and geographically close (see e.g. Johanson & Vahlne, 1977; Kumar & Subramaniam, 1997), hence, they starting the internationalization process by exporting into countries with low psychic distance, and then incrementally, as knowledge and resources accumulate, expand into markets with a greater psychic distance (Claver et al., 2007; Kontinen & Ojala, 2010b). Moreover, family firms tend to choose foreign market entry modes that do not threaten their independence (Oliveres- Mesa & Cabrera-Suárez, 2006) and to maintain control over the firm, therefore, export is the most popular form, strategic alliances and joint ventures seem to be avoided (Pukall & Calabrò, 2013).

Prior literature on the internationalization of family firms reveals that few studies have dealt with the internationalization processes of family businesses, particularly with considering the original and revised Uppsala model (1977, 2009) as framework. Actually, internationalization process model provides a powerful theoretical perspective on the internationalization of family firms. [Kontinen & Ojala \(2010a\)](#) suggest that the Uppsala Model of internationalization ([Johanson & Vahlne, 1977](#); [Johanson & Vahlne, 2009](#)) should be more extensively utilized and applying it to different cultural contexts. Furthermore, [Pukall and Calabrò \(2014\)](#) suggest that business network view of revised Uppsala Model 2009 is valuable when investigating family firms, as these firms often enter into new networks, creating new relationships to find a position in foreign markets in relation to foreign family firms ([Fernández & Nieto, 2006](#); [Kontinen & Ojala, 2011a](#)). [Pukall and Calabrò \(2014\)](#) suggest that Uppsala Model provides many links between international management, entrepreneurship, and family business research. According to [Kontinen and Ojala \(2010a\)](#) as well as [Holt \(2012\)](#) there is a need for further investigation the role of family in internationalization process that has largely been overlooked in order to deepen our understanding on this domain.

4 Research Design

In this section, I present the research methods applied to explore the issues of interest in my thesis in order to identify key components affecting these issues and to determine the relevant factors. The qualitative research approach used in the current study is based on an interpretive research paradigm and case study design. The reasons behind the selection of

methods used for sampling, design and selection, data collection and analysis methods and the unit of analysis are also included.

4.1 Qualitative Research Approach

Since the aim of the present thesis is to explore and understand how family firms in developing economies are internationalizing and networking, we chose a qualitative, theory building methodology to address the research objective. The basic ideas of grounded theory (Glaser & Strauss, 1967) were adopted in the thesis because of its specific objective of building theory from qualitative data and interpretation. It is appropriate in order to gain a fresh understanding and the intricate details about a specific phenomenon under investigation (Strauss & Corbin 1998, 19). More specifically, the main aim followed is to build a theory in the area of internationalization of family firms, Uppsala Model of internationalization (Johanson & Vahlne, 1977, 2009), entrepreneurial networks, and international entrepreneurship in order to broaden the existing theories by extending and refining the categories and relationships that have been left out of the literature (Locke, 2001). Consequently, I adopted an exploratory approach in my empirical analysis. Hence, I used a multiple case study method, similar to approaches introduced by Eisenhardt (1989), and Yin (2003). This method was adopted due to the explanatory nature of the research questions and also because it allows both an in-depth examination and the explanation of cause-and-effect relationships of each case and the identification of contingent variables that distinguish each case from the other. I considered a multiple-case study approach (Eisenhardt, 1989, 2007; Yin, 2003) as most adequate research strategy for my thesis for three reasons: First, because case studies are best positioned to answer “how” and “why” questions regarding a contemporary set of events over which the

researcher has no control. Second, because I wished to acquire rich, in-depth data (Wright, Lane, & Beamish, 1988) to gain deep insights into a contemporary and complex issue within its real-life context (Yin, 2003). Third, because case studies facilitate the inductive gathering of new insights (Sutton, 1997), which may have been originally unknown to the researchers. However, my goal is not to statistically generalize, but to examine the case carefully in order to bring out the substance of the phenomenon, which commonly reflects the phenomenon at a more general level (see e.g. Hirsjärvi et al. 1997, 181- 182). In fact, the case firms in the current thesis were selected for theoretical reasons instead of random sampling. It should further be noted that the selection of the firms for investigation were based on an overall theoretical perspective, as recommended in the study of Eisenhardt (1989). Hence, I followed Yin (1994) in selecting cases in which the phenomenon under study is transparently observable. As noted by Hall (2005) and De Massis & Kotlar (2014), there is a need in the field of family business for qualitative research which both draws on and generates theory, because family businesses are characterized by complex relationships and interactions (De Massis, et al., 2012). Furthermore, this is consistent with recent family written studies based on qualitative methods (De Massis et al., 2014; De Massis & Kotler, 2014; De Massis, et al., 2013). However, quantitative research has provided important findings within family business research.

A methodology can be defined as how one will study the phenomena. Just like theory, there are no true or false methodologies. According to Silverman (2000), a method is a specific research technique, which is neither true nor false; it is simply more or less useful in different contexts. Therefore, as a researcher, I can only try to understand how the actors feel and

experience what is going on in the research issues of interest and how they embrace part of it as with the full knowledge that the results will never be the whole truth.

The qualitative methodological approach for the current thesis was guided by the interpretative research paradigm through “descriptions of people’s intentions, beliefs, values and reasons, meaning making and self-understanding” (Henning, Van Rensburg & Smit, 2004, p.20). The practices of an interpretative approach will be manifested through the use of qualitative methods for the collection and analysis of data (Silverman, 2005). As a matter of fact, the family firms in developing countries are subject to a complex array of influences and little is known about their behavior, features and characteristics in networking and internationalization processes, so that it is difficult to determine such features and characteristics. In a qualitative study such as this, the research questions cannot be examined or measured in terms of quantity, number, proportion or trends. However, interpretative case studies seek to “understand the human experience” (Stake, 1995, p. 38). Moreover, the inductive research approach is sometimes acknowledged as being particularly suitable to build grounded theory from case study data (Eisenhardt, 1989; Glaser & Strauss, 1967; Strauss & Corbin, 1998). The use of an interpretative approach in this dissertation allowed me as a researcher to study the internationalization process, international opportunities and networking development process of family firms in developing countries in depth and detail, to develop insight and understanding, and to draw the life experiences that the participants bring into their behaviors and decisions. Fletcher (2000) and Nordqvist, Hall, and Melin (2009) have outlined the importance of interpretivism to advancing the field of family business research. However, although the philosophical tradition is very seldom explicitly stated, the vast majority

of case study articles in the family business field are based on the positivistic tradition, with only few exceptions (e.g., Hall, Melin, & Nordqvist, 2001; Hall & Nordqvist, 2008; Nordqvist & Melin, 2010; Parada, Nordqvist, & Gimeno, 2010).

4.2 Case Study Design

Case study design was considered appropriate for the purpose of exploratory research into family business, in order to understand people, events, activities, and certain behaviors under a given context and certain circumstances (Nordqvist, Hall & Melin, 2009). Case study design can be quantitative or qualitative depending on the different modes of philosophical inquiry. In the current thesis, the case study research follows the interpretative approach to qualitative philosophical inquiry. It assumes that each family firm is different where individuals' experiences are constantly being created and recreated in an ongoing process that incorporates the analysis of family background and the context of business. The strengths of case studies are that they provide a very detailed description of the cultural contexts in which the participants are situated and a diversity of unseen variations within individual circumstances is identified from the respondent's point of view (Baxter & Jack, 2008). As mentioned above, a case study method was applied in this thesis. Following Easton (2010, p. 119), case research is here defined as "a research method that involves investigating one or a small number of social entities or situations about which data are collected using multiple sources of data and developing a holistic description through an iterative research process." In a critical realist case study, the research question addresses a research phenomenon of interest, in terms of discernible events, and asks what causes them to happen (Easton, 2010). In the present thesis,

the phenomenon chiefly addressed is the internationalization and networking of family firms. In relation to the choices made in the present dissertation, internationalization, networking, international opportunity recognition, and social network of firms are complex phenomena. Thus, when the approach is applied in a robust way, it becomes a valuable method for family business scholars to describe complex phenomena, develop new theory or refine and extend existing theories. Moreover, case studies have been the most used qualitative methodology in family business research to date (De Massis, Sharma, Chua, Chrisman, & Kotlar, 2012). Furthermore, case studies represent a method that is ideally suited to generating managerially relevant knowledge (Amabile et al., 2001; Leonard-Barton, 1990). According to De Massis and Kotlar (2014) case studies as a powerful methodology that can be used in a rigorous fashion, are creative and wide-ranging variety of ways to advance family business research. Also, a case study is a particular strategy for qualitative empirical research that allows an in-depth investigation of a contemporary phenomenon within its real-life context (Pettigrew, 1973; Stake, 1995; Yin, 2003). Such feature of case studies could be particularly relevant to family business research because family firms exist at the intersection of two systems – the family and the business (Tagiuri & Davis, 1992) – that interact in producing idiosyncratic organizational outcomes. In fact, an exploratory case study should be used when the aim is to understand how and why a phenomenon takes place since the exploratory case studies are typically employed to gain an understanding of how organizational dynamics or social processes work.

A case study design can either focus on a single case or on multiple cases, depending on the nature of the subjects and the purpose of the research (Yin, 2009). However, a multiple case study design could be used with the aim of replication, in which the researcher replicates

the procedures for each case. A key advantage of multiple case study design is its ability to gain multiple perspectives on the same topic through different cases.

In the current dissertation, I choose multiple-cases study approach since it allows me to analyze within each setting and across settings as well as to identify the subtle similarities and differences within a collection of cases (Brown & Eisenhardt, 1997; Eisenhardt, 1989; Yin, 1994). Generally speaking, the theory created from multiple cases is considered more robust because the arguments are more deeply grounded in varied empirical evidence (De Massis and Kotlar, 2014).

4.3 Data Collection Methods

As Table 4 shows, I collected data for my thesis from twenty selected Palestinian family and non-family firms out of which seventeen were family and three were non-family firms, all from the different manufacturing sectors. The data collection was conducted within the period of June 2012 to August 2014 through conducting interviews. The interviews were conducted in three phases, in the first phase eight interviews were conducted in the period of June and July 2012 participated by eight entrepreneurs who were active in the international markets for the purpose of the first article. In the second phase, six interviews were carried out over a four weeks period in the December of 2013 and January of 2014 with family entrepreneurs from second and subsequent generation for the purpose of second article. In the third and final phase, six interviews were conducted three of which were family and the other three were non-family firms for the purpose of the third article.

TABLE 4: Information on the Case Firms

The firm	Establishing year	Number of employees	Industry Segment	Generation	Family VS Nonfamily	The Start of exporting
A	1994	20	Aluminum industry	Second	Family	2000
B	1994	50	coated abrasive product	First	Family	1995
C	1997	70	Stone & marble	First	Family	2003
D	1993	600	sanitary and Plastic products	First	Family	2008
E	2006	10	Olive wood hand crafts	First	Family	2007
F	2001	27	Footwear industry	First	Family	2001
G	1952	15	Olive wood hand crafts	Third	Family	1978
H	1953	150	Scales & Metallic	Second	Family	1975

			Furniture			
J	1967	80	Textile	Second	Family	-----
K	1965	20	Textile	Second	Family	-----
L	1905	25	Hand Crafts	Fifth	Family	-----
M	1952	12	Pasta products	Third	Family	-----
N	1998	26	Stones and marble	Second	Family	-----
O	1980	45	Stones and Marble	Second	Family	-----
P	2007	50	Stone & Marble	-----	Nonfamily	2007
Q	1969	160	Pharmaceutical products	-----	Nonfamily	2010
R	1993	80	Agricultural products	-----	Nonfamily	1994
S	1971	20	Olive wood handcrafts	First	Family	1994

T	1982	300	Food	Second	Family	1990
U	1984	600	Stone & Marble	First	Family	1990

In this thesis, I used interviews as a primary source of data , considering the fact that utility and reliability of interviews as a form of data collection is subject to scholarly debate; some emphasize the fruitfulness and underutilization of self-reports and firsthand narratives to understand subjective work experiences (e.g., Folkman & Moskowitz, 2000), while others stress the weaknesses of such approaches due to the tendency of informants to adjust their responses to maintain a positive self-image and create favorable impressions (e.g., Paulhus, 1984). In addition, secondary materials, such as web pages, annual reports, financial records, and brochures were utilized. The secondary materials were used to understand the history and the products of each firm, to form detailed case histories, and to understand the circumstances behind certain events, with particular reference to aspects such as foreign market entries and changes in the operation modes. In the interview process, semi-structured, open-ended interviews were conducted. The approach made it possible to ask “main” questions and then to pose further, more detailed questions (Yin, 2003).

The specific steps taken for data collection:

- At the outset of each case, a rapport and mutual trust was established with the selected family and non-family managers and entrepreneurs who are mainly in charge of

international affairs. The entrepreneurs were briefed about the research project through a written project summary and a telephone meeting.

- I undertook a semi-structured interview with each respondent (each lasting an average between 60–90 minutes). The Direct semi-structured open-ended interviews were conducted and the interviewer followed the guidelines developed by Yin (1994), to minimize the risk of soliciting inaccurate or biased data.
- Secondary information (such as websites, annual reports, and projects documentation) was collected from each firm. In particular, I gathered and analyzed all the available company documents, catalogs, family information and reports regarding internationalization activities. Above all, these secondary information sources were integrated, in a triangulation process, with data drawn from the direct interviews, in order to avoid post hoc rationalization and to ensure construct validity (Yin, 2003).
- All interviews were tape-recorded and transcribed verbatim generally. A second listening was conducted to ensure correspondence between the recorded and transcribed data. In addition, at this stage a telephone follow-up and e-mail communication were used with the respondents to collect further information and to clarify any inconsistent issues.
- The interviews at each firm followed a similar procedure. The entrepreneurs and managers were first asked to describe their businesses in general, including demographic information such as age, size and industry, historical information. Then they were asked to explain the firm's internationalization histories and, accordingly, they provided descriptive details pertaining each foreign market entry (the date and

mode of entry, proportion of export sales, whether they used social ties, etc.). For the second paper, additional information was asked on the family generation leading the company and the succession stage as well as the family firms' experiences in networking.

- When main issues of the interview were touched on, short questions such as “could you describe this? How? Why?” were posed to go deeper into the issue.
- Before being analyzed, information gathered through the case studies was manipulated by applying data categorization and contextualization techniques (Miles & Huberman, 1994). Then, a structured process for data analysis was followed, which was made up of a preliminary within-case study, an explanation-building investigation, followed up by a cross-case comparison. These structured procedures for data collection and analysis together with the use of the semi-structured interview guide, helped enhance the reliability of the research (Yin, 2003).
- In the data-ordering phase, a detailed case history of each firm was drawn up, based on interviews and written documents. As Pettigrew (1990) has noted, organizing incoherent aspects in chronological manner is an important step in understanding the causal links between events.

4.4 Method and Process of Analysis

After the information were collected through the case studies , a structured process for data analysis was followed, which was made up of a preliminary within-case study, an explanation-building investigation, followed up by a cross-case comparison. These structured

procedures for data collection and analysis, as well as the use of the semi-structured interview guide, helped enhance the reliability of the research (Yin, 2003).

In the data-ordering phase, a detailed case history of each firm was drawn up, based on interviews and written documents. As Pettigrew (1990) has noted, organizing incoherent aspects in chronological manner is an important step in understanding the causal links between events.

In the data analysis phase, the data were analyzed according to the following steps. First, as Eisenhardt (1989) suggests, the data were analyzed by sifting through all the data, discarding what is irrelevant and bringing together the elements that seem most important. Wolcott (1990) argues that the key to qualitative work is not to accumulate all the data that one can, but instead to identify and reveal the essences with sufficient context to allow the reader to understand the situations in which the individuals are immersed. Second, the qualitative data were iteratively analyzed by moving back and forth between the data and an emerging structure of theoretical arguments that responded to the theory questions presented above (Locke, 2001; Miles & Huberman, 1999). Third, the collected information was manipulated before being analyzed by applying data categorization and contextualization techniques (Miles & Huberman, 1999). In addition, checklists and event listings were used to identify critical factors related to the research questions (Miles & Huberman, 1999). Different categorizations were used to search for similarities and differences between the cases by creating several partially ordered matrices (Miles & Huberman, 1999).

4.5 Sampling and Case Selection

Purposeful sampling methods are used in the selection of case studies, as opposed to the systematic sampling methods used in quantitative studies (Stake, 2006). Exemplar cases are selected where the phenomenon is derived from an in-depth understanding. "This leads to selecting information-rich cases for study in depth" (Patton, 2002 p.46). In addition, maximum variation technique is used to increase the diversity of variation in the sample (Silverman, 2005). To be eligible as a case firm, the following criteria had to be fulfilled: (1) the firm is Palestinian, (2) the firm belongs to the manufacturing industry, (3) seventeen cases were family-owned firms, while the other three were non-family firms, (4) and exclusively for the second article, the family entrepreneurs were from the second or subsequent generation. Consistent with the earlier literature, for instance, Graves and Thomas (2008) and De Massis et al. (2014) in this study, we adopted the following three criteria to distinguish family from non-family firms in which the family (1) controls the largest block of shares or votes, (2) has one or more of its members in key management positions (Zahra, 2003), (3) the firm is perceived by the entrepreneur to be a family firm (Westhead, Cowling, & Howorth, 2001). This definition is based on the two criteria of ownership and management presented, for instance, by Graves and Thomas (2008), and with the notion of continuity presented e.g. by Zahra (2003). A number of sampling strategies were used to obtain the case studies that met the criteria outlined above. These included opportunistic, convenience, snowballing, and theoretical selection methods (Miles & Huberman, 1994). Convenience sampling is a pragmatic approach to individuals who are accessible and willing to provide information. Snowball sampling uses a process of chain referral where members of the target population are asked to provide names of other members of the target population.

For choosing suitable case firms, I identified a set of business firms that could potentially be included in the current thesis through preliminary interviews with professionals collaborating with federation of Palestinian chambers of commerce, industry, and agriculture and also Palestinian trade center (PALTRADE), which provided a preliminary list and references for family and non-family firms that have export activities from their professional networks. In order to build and elaborate the theory, I searched for a purposeful sample of family firms. Specifically, to facilitate the theory building, I searched for a context that could serve as an “extreme case” (Eisenhardt, 1989) with dynamics that are more visible than in other contexts.

The interviewees selected consisted of owner-managers, entrepreneurs, international marketing and sales managers, managers of international affairs, and those managers and directors who had the greatest in-depth knowledge of internationalization and operations abroad. These professions correspond to the informants commonly utilized in the field of international entrepreneurship (see Coviello & Jones, 2004).

4.6 The Cultural Contexts and the Case Firms

Palestine was chosen as the location of my cases for several reasons: first, due to my own identity as a Palestinian, having an understanding the Palestinian culture and the business environment. Second, Palestine is a small economy with a limited domestic market, hence, the internationalization in it is considered as an important growth strategy, forming part of efforts to guarantee long-term survival (Autio et al., 2000; Sapienza et al., 2006). Moreover, the business environment in Palestine differs significantly from that of developed economies, therefore, the choice of the Palestine market as the context made possible the investigation of the internationalization in a particular context, which would be an example of developing

countries due to the similarity of economic conditions in developing countries. The fieldwork was carried out over two years, in three phases, in the period between June 2012 and August 2014 in Palestine, specifically in the West Bank, since it was impossible to include Gaza Strip due to the complex political conditions in the region.

The range of products in the case firms is fairly wide, but all the firms manufacture material goods (see Table 4). The number of personnel varies from 10 to 600 employees, the average being 118 employees. The firms were established between 1905 and 2010. Hence, they were established during different historical contexts, and this could also influence their internationalization and networking behavior. However, the different historical contexts can be seen as enriching the study, since irrespective of the differences, there were important similarities in the internationalization processes of the case firms.

4.7 The Unit of Analysis

To begin with, once the case study method is chosen, a very important step in its application is choosing the unit of analysis. However, the research questions determine what the case is. The unit of analysis can be defined as “a phenomenon of some sort occurring in a bounded context”. The case is “in effect, your unit of analysis” (Miles & Huberman, 1994, p.25). The aim of using case studies is to understand an issue or problem using the case as a specific illustration (Baxter & Jack, 2008). The choice family business scholars of what is to be studied (Stake, 2005) involves determining the analysis of a case (i.e. the individual, an event, an activity, a process, a program, a project or the differences between firms) within a bounded system (i.e. a setting, a context). In some cases, researchers may be interested in phenomena that occur at multiple levels. In these circumstances, multiple units of analysis can coexist in the

same study, and the researcher's ability to navigate the different units of analysis becomes essential (De Massis & Kotler, 2014). The units of analysis were different in the three articles. As for the first article, it was family entrepreneur and for the second article, it was family entrepreneurs from second and subsequent-generation as well as networking development process, and finally the unit of analysis for the third article was the internationalization process.

5 Findings, Discussion and Conclusion

The aim of this section is to provide answers to the research questions of the current thesis as shown in Table 5. However, in this section, the findings of each article are presented separately. Moreover, discussion on the contributions and implications of the thesis is at hand. Thereafter, managerial implications plus the main limitations of current thesis are discussed. Finally, this section ends with suggestions for further research.

Table 5: research questions included on the thesis

The Articles	Research Questions
First Article	International opportunity recognition of family firms in developing countries: the case of Palestine
	7. How and why the social ties influence international opportunity recognition of family firms in developing countries?
	8. How do family firms in developing countries proactively or reactively look for such export opportunities?
	9. How does the emerged empirical evidence differ from the findings of prior literature on international opportunity recognition in developed countries?
Second Article	How do the entrepreneurial networks change across generations in family firms?

	1. How and whether the succession in family firms affects the entrepreneurial networking development process?
	2. How and why entrepreneurial networks develop, change and adapt over generations in family firms.
Third Article	The Internationalization of Family and non-Family Firms: a Developing Countries Perspective
	1- How, whether and to what extent the internationalization behaviors and processes of family firms are different from their non-family counterpart in the context of developing countries?

5.1 Main Findings of the Present Thesis

The main findings of this thesis are presented in three separate sections; with each section provides a summary of the main findings of each article.

Summary of the First Article Findings

“International opportunity recognition of family firms in developing countries: the case of Palestine”

The purpose of this article was to examine how network ties (social and business ties) affect international opportunity recognition of family firms within the context of Palestine, as a case of a developing country. Also the aim was to understand the differences between the emerging empirical evidence and the findings in prior literature in the context of developed countries. First of all, our emerging empirical evidence found that informal\social ties are important but to a limited extend, particularly in the first stage of internationalization, and within specific and uncomplicated industries. However, business formal\business ties seemed

to be more important and more influential at all internationalization stages. For instance, in the primary stage of internationalization, the family entrepreneur depended partially on informal ties with family members and friends, and within specific industries due to the lower industry-specific knowledge and the limited experience of social ties. In more advanced stages of the internationalization process, the family entrepreneur becomes more dependent on formal ties and less dependent on informal ties. Second, the article found that family entrepreneurs are more proactive rather than reactive in their attempts to enter the international markets, since in most of the cases; the approach had been highly proactive while some of the cases were fairly proactive and none of the cases were reactive. Consequently, there wasn't any case that recognized an international opportunity via an unsolicited inquiry. Indeed, these results conflict with the previous studies within the context of developed countries as most studies suggest that family firms are reactively seeking for the international opportunities. Finally, compared to the emerged empirical evidence, the findings from prior literature in international opportunity recognition, suggest that the entrepreneurs in developing countries are more proactive than the entrepreneurs in developed countries in terms of searching international opportunities. Moreover, the study found that there is no important difference between developing and developed countries in terms of the types of network ties used by family firms. On this basis, the study provides the following propositions:

Proposition 1: Family Firms recognize international opportunities by using formal ties more than informal ties or intermediary ties.

Proposition 2: In more advanced stages of the internationalization process, family firms become more dependent on formal ties and less dependent on informal ties.

Proposition 3: intermediary ties (trade exhibitions) are important for family entrepreneurs in initial and advanced stages of the internationalization process as a source of information for international opportunities.

Proposition 4: In the present study, the family firms were proactive rather than reactive in their attempts to enter international markets.

Proposition 5: There is no important difference between developed and developing countries in terms of the type of ties used by family firms for international opportunity recognition.

Proposition 6: Comparing the emerged empirical evidence with the findings from prior literature on international opportunity recognition, family entrepreneurs in developing countries are more proactive than in developed countries.

Summary for the Second Article Findings

“How do the entrepreneurial networks change across generations in family firms?”

The purpose of this exploratory study is to shed light on how entrepreneurial networks change across generations within family firms, and how succession in family firms affects the entrepreneurial networking development process. This article found on the first hand that family entrepreneurs in the current generation are networking mainly in proactive, natural, and purposive way. Moreover, the entrepreneurial networks in the present generation are characterized by honest, mutual interest, diversity, flexibility and dynamicity. On the other hand, prior generation in family firms had limited size, static and uniform networks. Furthermore, prior generation in family firms had informal, personal, and friendship relations with network members relayed on the honest and mutual trust. Additionally, the article findings suggest that the previous generation was passively searching for new networking ties

and naturally at best, while the present generation has shown more proactive level of networking in most cases and naturally. The relationships between family entrepreneur and his/her network members are characterized in the prior generation by personal, informal, and friendship relationships. These relationships and connections are largely based on the mutual trust and personal rapport between network members. In contrast, the present generation seems more formal, objective and professional in its interaction with network members. Moreover, the entrepreneurial networks are characterized by the limited size and uniformity before succession, while they appear larger in size and more diverse after succession. Finally, both generations are interested in social and business ties. Thus, the study suggests that family entrepreneurs tend to implement some adaptations after they take over the business ,for example, they seek to extend the size of their fathers' networks by adding and building new ties in their networks especially with customers and suppliers; they tend to drop some of disappointed relationships and ties; and some other entrepreneurs prefer not to break down the disappointed members, instead they continue with them till they reframe the relationship terms. Family entrepreneurs consider networking as a constructing and reconstructing process which needs maintenance from time to time according to growth needs and environmental changes. Moreover, the present study suggests that core members in the entrepreneurial networks remain the same and transfer successfully to the next generation. Consequently, the changes that take place in networking development process through generations originate from several reasons; first, is the dissatisfaction with the size of the network; second, they may want a broader membership base, including larger, more established businesses; third, they may be dissatisfied with some of relationships that had established in previous generation; forth, the

environmental developments and changes play a very important role, given that the environment is dynamic and changes rapidly. In conclusion, these differences between fathers and sons or between generations are related to discrepancy in their perception and attitudes about how and with whom the entrepreneurial networks have to be managed. However, networks change over time, growing, changing and developing according to the entrepreneurs' needs and the direction in which they are taking the businesses in addition to environment developments and changes.

Findings Summary for the Third Article

“The Internationalization of Family and non-Family Firms: a Developing Countries Perspective”

The purpose of this article was to shed light on how internationalization process between family firms is different from that of non-family firms and also to understand how, whether, and to what extent internationalization process in developing economies differs from that of mature economies. To this end, this article suggests several results I present them in two sections. First, the empirical evidence collected by the researcher is suggestive of the fact that the internationalization process of business firms in developing economies has some specific characteristics. These characteristics include; (1) the international businesses in emerging economies are less likely to adopt sophisticated strategies that require high commitments of resources; therefore, the main foreign market entry mode is exports in the both short and long run; (2) the psychic distance does not play a major role in foreign market selection for business firms whether family or non-family firm in developing economies. Hence, whether the markets are at a low or high psychological and geographical distance is becoming

less important; (3) selection and expansion in new international markets are an unstructured and random process in developing economies' businesses, as this process is coincidental in many cases relying on means such as the existing relationships with intermediaries and suppliers as well as the participation in international trade fairs; (4) learning process regarding the international markets for business firms in developing countries is slow. This matter is most probably due to lack of sufficient resources, experiences, and management capabilities for businesses in developing countries; (5) outsidership liability seems more robust in developing countries, as it is harder, time and resources consuming in order to join network or networks in the international markets. Second, the findings of the present study in the first hand indicate that the differences between family and non-family firms in terms of internationalization process are minimal, whereas there are a plethora of similarities in the internationalization process of developing countries. This fact can be due to convergence in the conditions, capabilities, and resources between family and non-family firms. For example, this study found that there is no impact of the ownership on the market entry mode choice, whereas all firms in developing economies start their internationalization process by relying on the exports as foreign market entry mode. Moreover, there is no impact of ownership on psychic distance when choosing which markets to enter. Furthermore, both family and non-family firms have to some extent the same characteristics in networking and creating their relationships by using the same means. On the other hand, the findings indicate that the key differences in internationalization process and behavior between family and non-family firms are related to three variables. First, Liability of outsidership is higher in family firms than in non-family ones especially in short run as all non-family firms under study had prior connections and

relationships in the international markets even before founding the business, while family firms did not. Second, the speed of the international markets as well as the internationalization performance is higher in non-family firms compared to family firms in short-run, but in the long-run, they are to similar degree. This matter can be explained by the fact that non-family firms have higher levels of knowledge, network positions and management capabilities that are necessary for internationalization before committing to international markets, while family firms do not. Finally, the decisions to create and develop networks and relationships as well as learning, commitment and trust building in family firms are related to the entrepreneur's vision and strategies, while in non-family firms, they are the result of joint efforts by several players such as board of directors, managers, employees and affiliates.

At the end the article provides eight propositions as follows:

Proposition (1): Psychic distance does not play a major role in foreign market selection for business firms in developing countries.

Proposition (2): Exports are considered as the main foreign market entry mode in the both short and long run.

Proposition (3): Selection and expansion in new international markets are an unstructured and random process for developing countries firms.

Proposition (4): Learning process about international markets for developing economies' firms is slower than that of developed economies.

Proposition (5): Liability of outsidership seems more robust in developing countries' firms than in mature economies.

Proposition (6): There are no significant differences between family firms and non-family firms in terms of psychic distance, foreign entry modes, and networking behavior.

Proposition (7): Liability of outsidership is higher in family firms than in non-family ones.

Proposition (8): The performance and speed of internationalization is higher in non-family firms in short run and at similar degree in the long run.

5.2 Contributions and Implications

This section includes a brief discussion of the theoretical contributions of the current thesis. First, this study has contributed to the view of opportunity recognition by exploring how and to what extent network ties and whether social or business ties influence international opportunity recognition, as well as the level of activeness in searching for such opportunities in the context of family firms. The novelty here is applying such research in the context of developing countries that are lacking similar studies. Moreover, this study responds to calls (Dimitratos & Jones, 2005; Ellis, 2011; Zahra et al., 2005; Young et al., 2003) concerning the overall need to study international opportunity. Furthermore, it responds to the calls made by Ellis (2000, 2011) and by Singh (2000) concerning the need to study the importance of network ties in recognizing opportunities in the international markets.

Secondly, as regards to the Uppsala model of internationalization, this study makes an attempt to validate the model in the perspective of family firms as well as in the context of developing countries, by challenging the main assumptions of the model with both traditional and revised versions (Johanson & Vahlne, 1977, 2009) to emerging evidence of this study, in order to understand whether and how these assumptions influence the internationalization of family firms in developing countries.

Thirdly, the current study contributes to the International entrepreneurship research field. By exploring family firms, this study has expanded international entrepreneurship studies horizon beyond the early internationalizing phase and has implemented in particular context like developing countries. Moreover, it has responded to calls for research beyond rapidly internationalizing firms (Dimitratos & Jones, 2005; Young et al., 2003).

Fourthly, the current thesis has contributed to entrepreneurial network theory by studying how entrepreneurial networks develop, change, and are adapted over the time and how the entrepreneurs from different generations actually go about using their entrepreneurial networks in family firms, given the dynamic and changing nature of networks over the time. However, questions concerning how networks develop, change and are adapted over generation remain unexplored under-researched, to date. Also, the study is responding to the calls from Hoang and Antoncic (2003) for further research on network development processes.

Finally, this dissertation has contributed to family business theory by investigating an important challenge faced increasingly by family firms, namely internationalization. Studies on this topic are still limited; hence, the study is an attempt to develop new knowledge of the field specifically in the context of developing countries given that, the results of studies done in developed economies may not be generalized to developing economies. However, developing economies have received very little attention from researchers and to date only limited researches have been conducted directed to this context. Accordingly, there is a prompt need to develop an understanding of entrepreneurship and family firms in developing countries and to expand the literature of family firms' internationalization to include different cultural settings (Bruton, et al., 2008). Many recent studies have utilized good theory extensions of

existing theory, but most of them are still based on existing theories from the mature Western economies (Kiss, et al., 2012). Therefore, there is a dire need to focus more on the context of developing economies and develop new theories that will help to shift the management research paradigm. Furthermore, the present study has also made an important contribution to the field of family business by studying the bridging the networks of family firms, since little research, to date, has addressed how family firms networking in general.

5.3 Managerial Implications

The study findings have important implications for practice. First, by highlighting the importance of networks ties whether social or business ties in recognizing international opportunities of family firms, the study implies to managers and entrepreneurs that they need to take into consideration the structure, content, types of their networks ties, and interaction and foremost the changes within and between them when executing international expansion. Also, they are advised to avoid overreliance on personal and social ties, since this study indicates that the information obtained from such ties may lack the level of quality and accuracy that is important to success. Second, concerning the entrepreneurial networks, the entrepreneur or the manager of family firms should be aware that he is managing within a network rather than management of network. This requires the entrepreneur or the manager to develop an understanding of the overall pattern of the network he operates in, and insight into the complexity of the tie interactions, since ties will differ in their content and durability over the time. It would be beneficial to appreciate that the network is a dynamic system, where ongoing changes occur at the different levels; across several actors and with the boarder environment. However, there are certain changes the entrepreneur will be able to initiate while

other changes he only needs to be ready to handle when they appear. Third, family firms' managers ought to be aware of their strengths concerning internationalization and that they should take advantage of them. Family firm-specific advantages in the context of internationalization include a long-term view, a high level of trust, and the possibility to take quick decisions. For example, in internationalization, the ability of family firms to make quick decisions can be especially important, since internationalization is a very dynamic process in which the ability to react quickly to new international opportunities can be critical. Fourth, despite the fact that family firms in developing countries may face some unique difficulties and barriers in their internationalization process, such as the problem of negative image of country – of origin or lack of competitiveness, it could be overcome by actively looking for new networks and relationships, which can provide the managers and entrepreneurs of family firms with novel and valuable information on international opportunities. However, participating in several networking activities (e.g., trade fairs, business missions and international conventions) is very useful for them. Fifth, the managers and entrepreneurs of family firms should also be prepared to operate in the target market according to its norms, values and habits. Also, they should be ready to acquire knowledge of the language and the culture in the target country, by learning things by themselves or through recruiting others. Furthermore, firms' managers ought to minimize the effect of features that will tend to impede their internationalization, such as a domestic perspective, unstructured management processes, and limited networks. However, family firms' managers could overcome these disadvantages by increasing their knowledge of internationalization strategies and of different cultures. In addition, they are required to provide training to the next generation, hire outsiders within the management team, and

regularly monitor the international environment. Finally, the study has important policy implications. Family enterprises play a vital role in the economic development of conversion and developing economies and with exporting often being a key element in the strategy of such firms, policy makers in such countries need to actively consider ways of facilitating internationalization particularly in developing countries. We hope our study stimulates future research on this complex, yet important topic in international business, family firms, entrepreneurship and management research.

5.4 Limitation of the Study

Despite the advantages of the qualitative case studies employed in this study and the effort that was made to conduct high-quality research, a number of limitations must be borne in mind. These are as follows: First, the main limitation of this study descends from its exploratory nature. As my objective was to gain theoretical understandings as to how internationalization and networking processes in family firms work, the findings should not be generalized to any populations of companies due to the methodological circumstances. However, the aim of this study was not to generalize over the broad spectrum of family firms in context of developing countries, but to arrive at some less far reaching analytical generalizations, to the extent that a case study research design allows. The second limitation results from the fact that interviewing as a data collection method is not far from biases approach to the study, since an interview situation is never totally neutral. Questions asked by the researcher will always impact the respondent depending on how the questions are addressed. Since the interviews were semi-structured, they also turned out to be quite

different depending on the respondent and his/her way of answering. In addition, using semi-structured interview as an approach doesn't allow always the interviewees to fully express themselves, hence limiting the data collection. Also the duration of some of the interviews was limited. Moreover, the collection of data is subject to the memories of the entrepreneurs and managers and the inherent biases and memory lapses in recalling past experiences, especially some firms which had started the internationalization experience since many years ago. Third, firms were not randomly selected and the respondents were all chosen according to theoretical and purposeful sampling. Using such a method for finding suitable respondents is a limitation, as they are dependent on the researcher's own network and possible third party referrals with that network. Fourth, the sample was limited to family firms in the Palestinian's manufacturing sector and may not, therefore, be generalizable to other contexts. Furthermore, since Palestine as location for collecting the data has unique and exceptional circumstances as a country under occupation which has not a normal or stable political and economy condition- For example, it was impossible to include Gaza Strip in the sample since it is not possible to reach there, also Palestine has not any control over its resources or even borders- the possibility to generalize the findings to other developing countries is limited. Fifth, having only one interview per firm could be seen as a limitation. Nevertheless, having a glance at small size of the firms and the role of the persons interviewed, one can see that these informants had the kind of crucial knowledge required for the purposes of this study.

5.5 Suggestion for Future Research

In spite of the attempt made by this study to fill gaps of theory integration and extension to understand behaviors, characteristics, processes of internationalization and

networking of family firms, I believe that much more needs to be done in order to deepen our knowledge on these topics. In the would-be research, there will be a need to investigate similar kinds of issues in different cultural contexts as well as in other countries in the region, given that situation of the Palestinian economy and its cultural history are similar to that of several other Arab countries. Cross-cultural data collection, including data from developed and developing economies would be extremely useful. The findings of this study could also be tested quantitatively at a later point, to test their appropriateness on a larger scale. Further studies are also needed in relation to the internationalization behavior of family firms that have different kinds of ownership structures as well as the role that may be played by differing degrees of family ownership and/or management. Furthermore, in future research, scholars can study in more detail the development of trust in an international context. The degree to which network closure and the spanning of structural holes are incompatible in the internationalization of family firms is also a topic of importance. Moreover, the effect of generational change on the internationalization of family firms ought to be studied in more details. From earlier studies, it appears that the succession can accelerate, slow down, or have no effect on the internationalization of family firms (Fernandez & Nieto, 2005; Graves & Thomas, 2008). Also, it is academic friendly to study the features of strategic decision making in the internationalization of family firms that could be understood and explained from the “socioemotional wealth” perspective proposed by Gomez-Mejia et al. (2010).

Among the factors affecting family firm internationalization, there is an obvious need to study the institution of the family itself. In fact, this dimension is ignored in studies on family firm internationalization. It would be important to discover how internationalization affects the

family unit and its relationships, since internationalization always has the potential to disturb the historical harmony of the firm.

From entrepreneurial networks perspective, future research maybe thought-provoking concerning how networks, as continuously changing dynamic entities, need to cope with changing environment. Moreover, issues like strategic management need further research with focusing on future expectations of current and potential ties, the impact of entrepreneur's behavior, and skills of networking. Indeed, this study utilized some internationalization theories such as international entrepreneurship (Oviatt & McDougall, 1994, 2005), and traditional and revised Uppsala Model of internationalization (Johanson & Vahlne, 1977, 2009) as theoretical frameworks. However, the Scholars are encouraged to apply such a study by using other internationalization theories and models such as International New Venture theory (Oviatt & McDougall, 1994) in an attempt to explain the behavior of family business "born-again global" firms (Bell et al., 2001; Graves & Thomas, 2008) and born global family firms. This could also lead to a better understanding of the speed of internationalization, given that some family firms internationalize very quickly after operating for a long time in the domestic market (see e.g. Bell et al., 2001; Graves & Thomas, 2008). Still, some academic friendly research directions need to be further explored in order to be able to understand to what extent the processes of learning and creating trust relationships as well as network positions and the knowledge are important in the internationalization process of family firms. Finally, future research should investigate the growth path of family firms and their timing of internationalization relative to other strategic alternatives.

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Appendices

Appendix 1: the Interview Protocol for First Interview Round

When was your firm founded? Which industry does it operate in? How many employees work in your firm? What is your ownership of firm shares? What is your role in the company?

Are you considering your firm as a family firm?

Which generation is managing the family firm right now? Is there more than one generation involved in the business?

How many members are there in your family working in the business?

When you started to internationalize for the first time? Which is the first market you targeted?

And which is the first market you entered?

Who is the first person that initiates the importance to go international markets?

What is the percentage of international sales to total family firm's sales?

How you selected your target markets?

How many markets you currently export to?

Why you decided to go to international markets?

Who are the key persons, organizations, and events in international opportunity recognition process?

From your experience what are the advantages and drawbacks of using social ties to recognize international opportunities?

Did you use any kind of social ties for getting information regarding international opportunities? If yes discuss in more details how and why with giving examples?

Do you usually turn to your social ties to get information regarding internationalization opportunities?

How social ties affect your internationalization process?

Did you have specific budget for internationalization activities?

How you managed to build you network and relationships abroad? And what you did to extend it?

What is the most common and useful source of information regarding international opportunity recognition from your experience?

Did you have had a specific plan to target specific market? Did you receive orders from international markets without looking for it? If yes explain how in more details?

Did you implement any kind of market research for targeting specific international market?

Did you participate in international trade exhibitions or events? Explain in details?

There is relation between your participation in specific trade exhibition or trade event with specific market?

Please discuss your internationalization process from the idea until the first order delivery?

How your experience in international markets has been started? Does the chance take place here? Explain with examples?

Did you form any formal ties (with other businesses like firms, agents, distributors...ect) with business ties? If yes discuss how?

How do you evaluate the social ties as source for recognizing information about international opportunity recognition?

How do evaluate formal business ties as source for recognizing information about international opportunity recognition?

Which you depend on more formal or informal ties?

The first initiative to get information about international opportunity was by you or by others?

Did your employees have had any role in recognizing information about international opportunities? If yes how?

Do you have any plans for expansion to new markets in upcoming five years? If yes discuss?

What kind of information that you trust more, that come from social ties or business partners?

Do you think that social ties are continuous source of information?

From your experience, the role of social ties is limited to provide information or exceed to play more roles? Discuss?

How your commitment to internationalization has been improved over the time?

How did you overcome internationalization barriers like language, business practices and rules?

Give examples?

How did you move from market to market? And how you take the psychic distance decisions?

How you built the trust with your partners abroad?

How did you get your learning about international markets?

How your established networks influence your market selection decisions?

Explain your main strategic decisions regarding international opportunity recognition process?

Have you ever received any unsolicited orders? In yes explain how?

Appendix 2: the Interview Protocol for Second Interview Round

When was your firm founded? Which industry does it operate in? How many employees work in your firm? What is your ownership of firm shares? What is your role in the company? Are you considering your firm as a family firm? Which generation is managing the family firm right now? Is there more than one generation involved in the business?

How many members are there in your family working in the business?

How do you evaluate your firm networks before succession? How you maintain and evolve you networks and relationships?

Did you work ever outside the family business? If yes how did you benefit from that experience in building and developing your networks?

How your approach in networking differs from your father?

To what extent you trust the pervious networks which belong to prior generation?

How you usually extend your network and connections? Please give example as regard to networking activities?

What are the benefits that you are seeking form the partners (social & business) in your network/s?

Is your current network differs from prior generation network? If yes, explain how and to what extent it differs?

Please discuss how you manage and develop your network, relationships and connections with others (e.g. partners, friends, acquaintance, organizations, firms, and government)?

Discuss the above question but in your father's period?

What you depend on and prefer more the social informal ties or business formal ties? Please answer the same question, but in previous generation.

After you became in charge, how and to what extent you adapted in the established networks and relationships?

Did you start your networking process from the point that your father reached and built on, or you were started from the scratch?

Did you eliminate some previous generation's relationships that you were unsatisfied with? If yes Why?

The changes and adjustments that you made after succession were due to external environment's requirements or due to unsatisfactory relationships? Explain?

How you evaluate you network size and diversity? How you management style differs from the father? How your activities in networking differ from your father?

What are the strengths and weaknesses of father's network?

Appendix 3: the Interview Protocol for Third Interview Round

General Questions:

How many employees work in your firm?	
family ownership (family\nonfamily)	
When was your firm founded	
Which industry does it operate in	
Family participation in management	
Family stocks percentage	
Generation	
Internationalization starting year	
How many markets you currently export to?	
Which is the first market you targeted?	
And which is the first market you entered?	
What is the percentage of international sales to total firm's sales?	

Please describe your business in general therefore their operation related to internationalization as whole.

Why you decided to go to international markets? How you selected your target markets?

How your experience in international markets has been started? Does the chance take place here? Explain with examples? Have you ever received any unsolicited orders? In yes explain how?

Who are the key persons, organizations, and events in international opportunity recognition process?

Did you have specific budget for internationalization activities?

How you managed to build you network and relationships abroad? And what you did to extend it?

What is the most common and useful source of information regarding international opportunity recognition from your experience?

How did you overcome internationalization barriers like language, business practices and rules? Give examples?

Did you implement any kind of market research for targeting specific international market?

Did you participate in international trade exhibitions or events? Explain in details?

Please discuss your internationalization process from the idea until the first order delivery?

Did you form any formal ties (with other businesses like firms, agents, distributors, ect.) with business ties? If yes discuss how?

Do you have any plans for expansion to new markets in upcoming five years? If yes discuss?

How did you move from market to market? How does psychic distance influence your decisions?

How do your established networks influence your market selection decisions?

What are the main foreign market entry modes that your firm uses? Why you use such mode/s?

How your relationships with you partners have started?

Does your firm use any external leadership or experts in international markets?

Network Positions

Explain how you establish, use, develop and maintain your international network and you partners?

How network decision relationships have an impact on foreign market selection as well as on mode entry?

How and to what extent relationships are important to your internationalization process?

Do you consider your firms as part of particular international network? Explain?

How much time you take to build a relationship characterizes by mutual commitment?

How network ties (Formal or informal) impact pursuing international opportunities?

Commitment

How you decide the amount of resources and investments for establishing your network?

How your commitment to internationalization has been improved over the time?

What are the main decisions that your firm made when your experiences and knowledge about international markets increase?

How relationship development and experiential learning affect your commitment decisions?

Knowledge and opportunities

How your partners' activities influence the knowledge of your firm?

How existing knowledge and opportunities effect commitment decisions and relationship decisions?

How knowledge development impact foreign market entry?

How experience and knowledge of the market influence internationalization decisions?

Learning and trust Building

How do you learn from your experience of operation and current activities in foreign markets?

How you built the trust with your partners abroad?

How trust of your partners influence commitment decision in internationalization process?

How did you obtain your learning about international markets?

How psychic distance effect on relationship building, process of learning and trust building?

PART 2

THE ORIGINAL ARTICLES

ARTICLE 1

ARTICLE 2

ARTICLE 3

ARTICLE 1

International Opportunity Recognition of Family Firms in Developing Countries: The Case of Palestine

“By Nidal Darwish”

Abstract

In this exploratory study we employed a multiple case-based approach to examine the influence of social ties on international opportunity recognition in family firms, in addition to explore the level of networking activeness of family entrepreneurs who is searching for international opportunities. Therefore, we adopted eight Palestinian family entrepreneurs from different manufacturing sectors. Also we have chosen family entrepreneurs as a unit of analysis. This study contributes by providing empirical insights on the social network theory in the international opportunity recognition and within of family business context. We addressed the research gap in the international opportunity recognition of family firms in developing countries. The results imply that a family entrepreneur recognized international opportunities depending mainly on both social and business ties, but business formal ties seemed more important and more influential at all internationalization stages. For instance, in the primary stage of internationalization, the family entrepreneur depended partially on informal ties (social ties) with family members and friends, and within specific industries due to the lower industry-specific knowledge and the limited experience of social ties. In more advanced stages

of the internationalization process, the family entrepreneur become more dependent on formal ties and less dependent on informal ties. The findings also indicated that the family entrepreneurs have been proactive in their attempts to enter international markets. In addition, when we compared the emerged empirical evidence with the findings from prior literature in international opportunity recognition we find that developing countries are more proactive than developed countries. Finally, the study concludes with appropriate recommendations for managerial decision making and future research.

Keywords: international entrepreneurship, international opportunity recognition, Networks, social ties, family firms, developing countries.

Introduction

International entrepreneurship is fundamentally captured in the identification and exploitation of opportunities for international exchange. In the field of entrepreneurship, opportunity recognition has been regarded as a key aspect of the entrepreneurial process (Shane & Venkataraman, 2000; Ozgen & Baron, 2007).

In past research, opportunity recognition has been investigated from many different perspectives. A common theme in much research on opportunity recognition, however, has been the suggestion that information plays a crucial role in this process through access to it, retention, retrieval, and integration of such information into meaningful patterns (e.g., Shane, 2003). Ozgen and Baron (2007) classify the information for opportunity recognition into three social sources: mentors, informal industrial networks, and participating in professional forums (conventions, conferences, seminar, and workshops). However, according to Ellis (2011) only little is known about the methods used by entrepreneurs for opportunity recognition. Indeed,

Identifying and selecting right opportunities for new businesses are among the most important abilities of a successful entrepreneur (Ardichvili 2003). Opportunities exist both in domestic and international markets (Zahra, Korri, & Yu 2005), scholars in the field of international entrepreneurship have called for more research on opportunity recognition in international settings (Dimitratos & Jones 2005; Ellis 2008; Zahra, Korri, & Yu, 2005), suggesting that such research is fundamental for the development of the field (Oviatt & McDougall, 2005). International entrepreneurship can be defined on a broader basis as “. . . discovery, enactment, evaluation, and exploitation of opportunities—across national borders— to create future goods and services” (Oviatt & McDougall 2005, p. 540).

Although opportunities may exist, they can be exploited only if an entrepreneur recognizes the opportunity and understands its value for further business (Shane & Venkataraman, 2000). Awareness of this aspect has led to recent interest in the precise means by which entrepreneurs identify and exploit new international opportunities (Chandra et al., 2009; Dimitratos & Jones, 2005; Ellis, 2008; Johanson & Vahlne, 2009; Zahra et al., 2005).

According to Ellis (2008), international opportunity refers to the possibility of conducting exchange with new foreign partners. Exchanges can be conducted, for example, with customers, distributors, licensees, franchisees, contract manufacturers, or joint venture partners (Ellis, 2008), and it appears that the extent of an entrepreneur’s network ties is positively related to opportunity recognition (Ozgen & Baron, 2007; Singh, 2000). Such ties serve as conduits for the spread of information on new opportunities (Burt, 2004), and the ability to recognize novel opportunities may be determined by the reach of one’s ties with others (Kontinen & Ojala 2011a).

The most important question here is: what are the main sources of information that are available to entrepreneurs to discover or recognize the international opportunities? Past research suggests a wide range of answers. For example, entrepreneurs may gain access to important forms of information by virtue of their current job (e.g., Klepper and Sleeper, 2001), past experience, (e.g., Romanelli & Schoonhoven, 2001), and also entrepreneurs often engage in active searches for information (e.g., Gaglio & Katz, 2001).

In this study we focus on social sources and networks as main source of information for entrepreneurs in opportunity recognition. Singh (2000) has called attention to the importance of social networks in opportunity recognition, and several empirical studies, indicate that the larger entrepreneurs' social networks, the more opportunities they recognize. Moreover, a large literature in the field of social psychology suggests that other persons are often a very important source of information (e.g., Baron et al., 2005). However, we still relatively know little about the influence of social networks on the internationalization process of the firms and to which extent the entrepreneurs rely on their social networks. In view of these facts, it seems useful to further explore the potential role of social sources of information in international opportunity recognition.

Social networks are distinguished from business networks primarily by the level of analysis: a social network is the sum of relationships linking one person with other people, whereas a business network is normally described as a set of relationships linking one firm with other firms (Easton & Hakansson, 1996; Johanson & Mattsson, 1988).

In several studies (Coviello, 2006; Crick & Spence, 2005; Ghauri, Lutz, & Testom, 2003), social ties have been seen as major factors in initiating the internationalization process, with firms

following their networks to foreign markets. This is consistent with the assumption in the network model of internationalization (Johanson & Mattsson, 1988) that the network ties of firms act as a bridge to foreign markets. However, the research that examining the effects of social networks on international entrepreneurship has emerged only recently (Crick & Spence, 2005; Ellis & Pecotich, 2001; Komulainen et al., 2006; Loane & Bell, 2006; Sharma & Blomstermo, 2003; Ellis 2011).

The aim of present study is to advance our understanding of how and why social ties influence the international opportunity recognition of family entrepreneurs in developing countries. Moreover, this study seeks to shed light on how family entrepreneurs in developing countries searching for international opportunity are proactively and/or reactively, given that, the fact that opportunities can sometimes be recognized by individuals who are not actively searching for them, or on the contrary they engage in a formal systematic search for them (Baron, 2006). Finally, this study aims to allow better understanding of how the emerged empirical evidence in context of developing countries differs from the findings of prior literature on international opportunity recognition in developed countries, since the most of the network-related literature has been developed in the western countries.

We take family firms as the context of our empirical study because family firms with few exceptions internationalize their activities in a later phase of their life cycle, and their internationalization process is slower than that of firms with other types of ownership structure (Graves & Thomas 2008), and also internationalization of family firms is different from that of non-family ones. Among family firms one can detect factors such as (i) limited managerial capabilities (Graves & Thomas, 2006, 2008), (ii) different internationalization strategies

(Fernandez & Nieto, 2006; Gallo & Pont, 1996; Graves & Thomas, 2008; Zahra, 2003), (iii) limited networks (Graves & Thomas, 2004). It also seems that internal network ties may be especially strong in family-owned businesses (Salvato & Melin, 2008); but that their bridging network ties, outside the firm, are limited if compared to those of in nonfamily firms (Graves & Thomas, 2004). However, very few studies considered family firms as context to investigate international opportunity recognition issues.(Kontinen & Ojala 2011a, 2011b). Indeed family firms have been shape to display a particularistic behavior (De Massis, Kotlar, Chua, Chrisman, 2014).

We considered family entrepreneur as unit of analysis for this research, due to the fact that is generally accepted by entrepreneurship theories that opportunities are recognized by individuals, not firms (Mort & Weerawardena 2006; Ozgen & Baron 2007; Singh 2000; Venkataraman 1997). As Shan (2003, p.45) note, the discovery or recognition of opportunity is a cognitive and not a collective act: “individuals, not groups or firms, discover entrepreneurial opportunity.”

According to Kontinen and Ojala (2011b) the research on network ties in family firms have been carried out in relation to (1) types of network ties (Child et al., 2002; Coviello, 2006; Ojala, 2009), (2) strength of network ties (Agndal et al., 2008; Chandra et al., 2009; Crick & Spence, 2005), and (3) networking activeness (Crick & Spence, 2005; Ellis, 2000; Ojala, 2009).

In present study we considered the opportunity recognition from two perspectives: types of network ties, namely, social ties and networking activeness (proactive or reactive), with ignoring the strength of network ties since this perspective has been discussed extensively in the literature. Specifically, we want to understand how and whether there are differences

between developing countries and developed countries regarding these issues. However, we will answer the following questions:

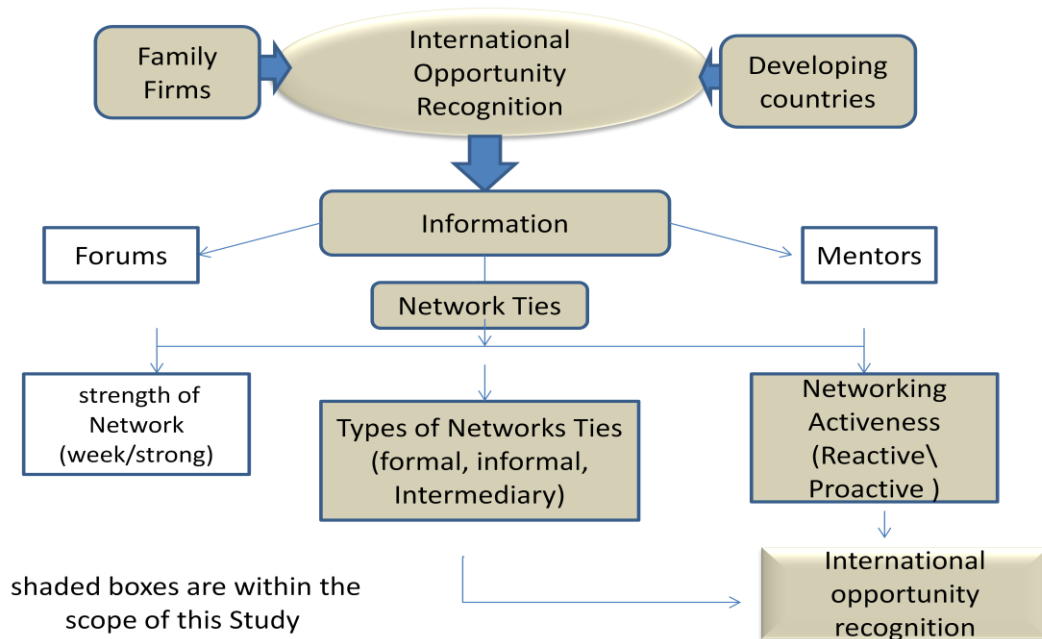
10. How and why the social ties influence international opportunity recognition of family firms in developing countries?
11. How do family firms in developing countries proactively or reactively look for such export opportunities?
12. How does the emerged empirical evidence differ from the findings of prior literature on international opportunity recognition in developed countries?

In addressing these questions, we adopted an exploratory approach in our empirical analysis and we used a multiple case study method, similar to approaches introduced by Eisenhardt (1989), and Yin (2003). Therefore, we selected eight Palestinian family entrepreneurs as the target group for our qualitative research. By so doing, we seek to make two contributions to the growing literature in international entrepreneurship and family business. First, we contribute to the social network theory of internationalization by exploring the potential role of social networks in international opportunity recognition, and expanding the social network entrepreneurship literature to include a different cultural setting. Additionally, the research in the social networks on international entrepreneurship has emerged only recently (Crick & Spence, 2005; Ellis & Pecotich, 2001; Komulainen et al., 2006; Loane & Bell, 2006; Sharma & Blomstermo, 2003; Ellis 2011). Second, we contribute to family business studies by investigating the poorly researched role of networks in internationalization of family firms (Graves & Thomas, 2004). Although network ties play a crucial role in the internationalization of family firms, this topic has been largely overlooked in the existing literature (De Massis, Sharma, Chua

& Chrisman, 2014; Piva, Rossi- Lamastra & De Massis, 2013). Moreover, very few studies considered family firms as context to investigate international opportunity recognition issues (De Massis, et al., 2012; Kontinen & Ojala 2011a, 2011b).

Our study structure as follows: First section is a review of the literature on the opportunity recognition, international opportunity recognition, Social ties and international entrepreneurship, activeness of network ties and why we chose developing countries as well. In the second section, the research methods and data collection is provided. Next, the findings are presented. Finally, the conclusions, recommendations, and future research directions are provided as well.

Theoretical Framework



The Literature Review

Opportunity Recognition

Identifying and selecting the right opportunities for new businesses are among the most important abilities of a successful entrepreneur (Stevenson et al., 1985). As acknowledged in several studies (Baron, 2006; Shane 2000; Shane & Venkataraman 2000), opportunities have a critical role in the entrepreneurial process. Most literature in opportunity recognition appears to include three distinct processes: (1) sensing or perceiving market needs and/or underemployed resources, (2) recognizing or discovering a “fit” between particular market needs and specified resources, and (3) creating a new “fit” between heretofore separate needs and resources in the form of a business concept (Hills, 1995).

Entrepreneurship as an academic field is gaining importance, as researchers try to understand why some people succeed in discovering opportunities while others do not, and how these discovered opportunities are evaluated and exploited. New opportunities may involve introducing new goods and services, exploring new markets, developing new production processes and/or combining raw materials in new ways (Venkataraman, 1997; Shane & Venkataraman, 2000). Opportunity recognition is influenced by entrepreneurs’ participation in social and business networks (Aldrich & Zimmer, 1986; Coviello & Munro, 1997; Johanson & Mattsson, 1988; Loane & Bell, 2006; Meyer & Skak, 2002; Mort & Weerawardena, 2006; Sharma & Blomstermo, 2003; Singh, 2000). Information plays a central role in opportunity recognition (Ozgen & Baron, 2007; Shane 2000; Shane & Venkataraman, 2000). Information involving patterns of changing conditions—for instance, changes in technological, economic, political, social, or demographic circumstances—can be regarded as a source of opportunity

recognition (Baron, 2006). Thus, opportunities come into existence at a certain point because of a certain confluence. Nevertheless, on an individual level, cognitive structures defining the identification of opportunities are developed through the previous life experiences of the person in question. Hence, opportunity recognition can be defined as “the cognitive process (or processes) through which individuals conclude that they have identified an opportunity” (Baron 2006, p. 107). According to Kontinen and Ojala (2011b) the research on network ties in family firms regarding opportunity recognition have been carried out in relation to (1) types of network ties (Child et al., 2002; Coviello, 2006; Ojala, 2009), (2) strength of network ties (Agndal et al., 2008; Chandra et al., 2009; Crick & Spence, 2005), and (3) networking activeness (Crick & Spence, 2005; Ellis, 2000; Ojala, 2009). Two of these perspectives will be presented below in more details, namely network ties, in particular, social ties and networking activeness in searching for opportunities. We ignoring the strength of network ties since it have been investigated extensively in the literature.

International Opportunity Recognition

International entrepreneurship is fundamentally captured in the identification and exploitation of opportunities for international exchange. Ellis (2011, p 101) defines international opportunity “as the chance to conduct exchange with new partners in new foreign markets.” However, as entrepreneurship cannot be inferred unless opportunities are actually exploited, for all intents and purposes the only meaningful opportunity is the one that leads to the formation of a new international exchange. Opportunities in foreign markets can be recognized by using competencies such as networks and previous experiences that are unique to entrepreneurs (McDougall, Shane, & Oviatt, 1994).

Ellis (2008) recognized four different means for recognizing opportunities in a foreign market, namely: (1) formal searches, (2) participation in international trade fairs or exhibitions, (3) social ties, and (4) responses to advertisements. However, entrepreneurs' social networks are often considered the most significant resource of opportunity for the firm (Johanson & Mattsson, 1988). Social networks affect formal and informal relationships that entrepreneurs build with business partners, government and with friends and relatives.

Existing theories of internationalization implicitly assume that internationalization is preceded by opportunity recognition but provide little explanation of why or how an opportunity is recognized (Chandra et al., 2008; Johanson & Vahlne, 1990). Yet little is known about the methods used by entrepreneurs for recognizing international opportunities. International opportunity recognition is the beginning of the internationalization process and deserves more systematic research attention than it has so far received because it is the trigger that starts everything off.

A key question is: Why and how do some entrepreneurs and not others discover and exploit opportunities in foreign markets? The standard answer to this question is that opportunity recognition is influenced by entrepreneurs' participation in social and business networks (Aldrich & Zimmer, 1986; Coviello & Munro, 1997; Johanson & Mattsson, 1988; Loane & Bell, 2006; Meyer & Skak, 2002; Mort & Weerawardena, 2006; Sharma & Blomstermo, 2003; Singh, 2000). Moreover, the opportunities in foreign markets can be recognized by using competencies such as networks and previous experiences that are unique to entrepreneurs (McDougall, Shane, & Oviatt, 1994). Thus, awareness of opportunities in foreign markets can be an initiator for foreign market entry (Dimitratos & Jones, 2005). On the other hand, limited

domestic markets can also be a reason for entrepreneurs to search for opportunities in international markets.

Social Ties and International Entrepreneurship

Social ties have been found to be important in the opportunity recognition process, both generally and in the specific case of internationalizing firms (Crick & Spence, 2005; Ellis & Pecotich, 2001; Harris & Wheeler, 2005; Sharma & Blomstermo, 2003; Zain & Ng, 2006). The extent of an entrepreneur's social network is positively related to opportunity recognition, and the entrepreneurs who have extended networks identify significantly more opportunities than entrepreneurs who lack such networks (Sing et al, 1999). Social ties serve as conduits for the spread of information concerning new opportunities (Burt, 2004) and the ability to recognize new opportunities may be determined by the reach and abundance of one's ties with others. Furthermore, the information about new opportunities tends to disseminate via social ties linking people in separate social clusters (Burt, 2004).

In research examining the internationalization of the firm, the influence of social ties has been highlighted in studies examining personal networks (Qiu, 2005), informal networks (Coviello & Munro, 1997; Zain & Ng, 2006), relational networks (Chen & Chen, 1998), social networks (Komulainen et al., 2006), interpersonal relationships (Harris & Wheeler, 2005) and personal contacts (Andersen, 2006). Significantly, a growing number of case base studies are showing how entrepreneurs learn about international opportunities through their existing ties with others (Chandra et al., 2009; Crick & Spence, 2005; Ellis & Pecotich, 2001; Komulainen et al., 2006; Sharma & Blomstermo, 2003; Zain & Ng, 2006).

Some scholars define social ties narrowly distinguishing them from other types of interpersonal tie such as business and family ties (Coviello, 2006). Others interpret social ties as describing the set of all interpersonal ties, as opposed to inter-organizational ties (Ellis, 2000; Shane, 2003). In this study the more general meaning is intended: social ties are ties between people specially friends, relatives, and family members.

According to Ozgen and Baron (2007) the greater the extent of social ties with mentors and informal industry networks, the more positive were the effects on opportunity recognition. Moreover, social networks provide information about foreign business opportunities, and help in facilitate screening and evaluating potential exchange partners (Axelsson & Johanson 1992, Ellis 2000, Ellis & Pecotich, 2001). The role of social networks in foreign market selection and entry indicates that international entrepreneurial opportunity development is a discovery process rather than solely determined by strategic decisions, rational processes, or systematic information gathering (Styles & Ambler, 1994; Coviello & Munro, 1995). However, social relationships with family members and close friends did not increase the ability to recognize new opportunities, and this was due to the lower industry-specific knowledge and experience of family members and close friends (Kontinen & Ojala, 2011a).

Prior studies on the use of social ties in opportunity recognition, have produced so far controversial results, on the one hand some studies emphasizes the importance of social ties in discovering opportunities; on the other hand, other studies underestimate the value of such ties. For example, Zain and Ng (2006) found that Malaysian software firms entered numerous foreign markets based on information acquired from managers' networks of friends, relatives and contacts. Also, Crick and Spence (2005) reported in their study that seven of twelve UK

cases used friendship ties to identify new international exchange opportunity. Moreover, in their study of Australian exporters, [Ellis and Pecotich \(2001\)](#) found that social ties linking entrepreneurs with former employees, dealer networks, migrating customers, fellow doctors and family members were instrumental to identifying exchange partners in 25 out of 31 international exchanges. Finally, [Rutashobya and Jeansson \(2004\)](#) found that relationships with former customers, friends and relatives living in foreign markets, were used to facilitate foreign market entry for a group of Tanzanian handcraft enterprises.

On the contrary, [Kontinen and Ojala \(2011b\)](#) in recent study of the eight family SMEs found that none of cases utilized family ties in the international opportunity recognition process. Also in another study [Kontinen and Ojala \(2011a\)](#) reported that family firms mainly recognized international opportunities by establishing new formal ties rather than using existing informal or family ties. Moreover, [Ozgen and Baron \(2007\)](#) suggested in their study that family ties did not facilitate the opportunity recognition process of information technology firms. Given these controversial findings, it seems needed for further explore the potential role of social ties in international opportunity recognition in the context of developing countries, to investigate whether and how social ties affect international opportunity recognition. However, the research in the social networks on international entrepreneurship has emerged only recently ([Crick & Spence, 2005](#); [Ellis & Pecotich, 2001](#); [Komulainen et al., 2006](#); [Loane & Bell, 2006](#); [Sharma & Blomstermo, 2003](#); [Ellis 2011](#)).

In this study consistent with ([Kontinen & Ojala, 2011b](#)), we consider three categories of network ties: formal ties, informal ties, and intermediary ties. A formal tie refers to an existing tie between individual business partners ([Adler & Kwon, 2002](#); [Coviello & Munro, 1997](#); [Ojala,](#)

2009). Informal ties that are related to social relationships, for instance with friends and family members (Coviello, 2006). In the intermediary tie, there are no existing business transactions between the seller and the buyer (Ojala, 2009). However, there is a third party, such as an export promotion organization or an organizer of exhibition, and that party contributes in facilitating the establishment of the network tie between the buyer and the seller.

Activeness (Proactive versus Reactive)

The formation of network ties with other actors can be active or reactive. According to Johanson and Mattsson (1988), active networking means that the initiative is taken by the entrepreneur. Thus, an entrepreneur will proactively search for new network ties or actively utilize existing networks. In reactive networking, by contrast, the initiation comes from the buyer (Johanson & Mattsson, 1988). This means that an entrepreneur will reactively respond to initiations from his/her existing network, or else that the initiative comes from outside an existing network. A large part of the prior literature on entrepreneurship implicitly assumed that recognition of opportunity is preceded by a systematic search for available opportunities. In recent years, many researchers have challenged this approach, arguing that people do not search for opportunities, but, rather, happen to recognize the value of new information, which they happen to receive. Koller (1988) reported that most entrepreneurs recognized, rather than sought the opportunities for their firms. However, many studies in past years have shown that recognize valuable information about opportunities happened by accident without actively searching for them (Ardichvili, Cardozo, & Ray 2003; Kirzner 1979). Also Shane (2000) found that none of the case firms in his study actively sought out opportunities prior to their discovery. Instead, the opportunity was recognized accidentally. Kontinen and Ojala (2011b) in

their recent study reported that the ties involved in international opportunity recognition were found to be generally weak, having been formed in international exhibitions, or deriving from an unsolicited order, therefore, family SMEs in that study considered more reactive than proactive. In another study for [Kontinen and Ojala \(2011a\)](#) they also found that international opportunity recognition of family SMEs is more related to alertness to new international opportunities than to an active search for opportunities. Finally, [Ellis \(2011\)](#) reported that the majority of opportunities recorded in his study (87%) were discovered rather than sought.

Although the results of most previous studies emphasizes that the majority of entrepreneurs discover international opportunities (reactively rather than proactively), we want to understand whether and how these results may differ between developed countries and developing countries, since a few entrepreneurs in developing countries could receive unsolicited orders, maybe due to the lack of industry reputation comparing with developed countries. There is also relatively low level of competitiveness of industries in developing countries. Hence, it seems useful to further explore how the entrepreneurs search for international opportunities whether reactively or proactively, in the context of developing countries.

In the present study, the level of the activeness of an entrepreneur was analyzed as a continuum, with reactive and proactive levels forming the opposite ends ([Kontinen & Ojala, 2011b](#)). If the entrepreneur simply reacted to an initiative from outside, the level is regarded as reactive; if the entrepreneur proactively looked for networks in order to enter specific market, the level is regarded as proactive; if (s) he did something in order to internationalize (for instance attended international trade exhibitions), the activity is regarded as something in between reactive and proactive.

Why Developing Countries

We select developing countries as target place for our study; in fact, entrepreneurial firms from developing countries often lack sufficient resources, including financial, managerial and technological resources (Zhu et al., 2007). Research on emerging economies has emphasized the importance of networks and connections (Peng, 2003; Zhu et al., 2007). Despite the fact that social networks in emerging markets are considered as one way to help overcome the shortcomings of formal institutions (Ahlstrom & Bruton, 2010), the role of social networks in the internationalization of entrepreneurial firms from developing countries, remains poorly explored. Given the significant differences in the political, economic, and cultural environments of emerging economies, there is a need for international entrepreneurship scholars to investigate the internationalization of entrepreneurial firms in developing countries and emerging markets as the results of studies done in developed economies may not be generalizable to emerging market firms. These differences may be particularly obvious at the very beginning stage of internationalization when a domestic entrepreneurial firm has no experience in international business relationships and has to solve problems associated with searching for new partners and negotiating contracts the first time.

According to Shirokova and McDougall-Covin (2012) the entrepreneurs operating in developing countries have a lack of adequate legal regulation and stable political environments, so they may turn to their social networks as they seek for opportunities for internationalizing.

In a recent research, the higher the level of uncertainty and hostility of the institutional environment, the more entrepreneurs and managers rely on their social networks rather than

on business relations to influence the pace of internationalization process (Musteen et al., 2010; Kiss & Danis, 2010).

Ellis (2011) in his analysis of 665 entrepreneurial exchange ventures provided empirical evidence that entrepreneurs from relatively open economies are more likely to rely on social ties than entrepreneurs from less open economies in identifying international opportunities.

Hence, it is important to expand social network entrepreneurship literature to include different cultural setting specifically developing countries, since the most literature in international opportunity recognition implemented in context of developed countries. Finally, we make comparison between emerged empirical evidence and the findings of prior literature on international opportunity recognition in developed countries.

Internationalization of Family Firms

The studies combining family business research and international entrepreneurship are now emerging, and there has been a call for more research specifically on the internationalization of family firms (Graves & Thomas, 2008). In both of these disciplines, networks, and social capital have been seen as important (e.g., Coviello, 2006; Graves & Thomas, 2004).

Internationalization of family firms has been argued to be different from internationalization of non-family firms (Fernandez & Nieto, 2005; Graves & Thomas 2006; Kontinen & Ojala, 2010).

This may be because family firms are less likely to internationalize than their non-family firm (Fernandez & Nieto, 2005; Graves & Thomas, 2006). But also there is no agreement on the effects of family ownership, for example, Zahra (2003) supports a positive influence, while Fernandez and Nieto (2005, 2006) argue the opposite. Gallo and Estape (1992) found that family businesses are less prone and slower to internationalize than their non-family

counterparts, so we can draw that internationalization is negatively related to family ownership. This has been thought to be due to their limited growth objectives (Donckels & Frohlich, 1991), to avoidance of risk (Claver et al., 2008), and to restricted financial capital (Gallo & Pont, 1996). In addition, there could be a connection to limited managerial capabilities (Graves & Thomas, 2006) and to a lack of bridging network ties (Graves & Thomas, 2004). But in recent study by Piva, Rossi-Lamastra and De Massis (2012) they reported that in high tech – industries the family entrepreneurial ventures exhibit a higher internationalization propensity than their non family peers.

Family firms are oriented towards personal relationships, with a focus on interpersonal trust (Roessl, 2005). The internal ties between family members are extremely strong and they naturally affect decisions on the firm's strategy, operations, and administrative structure (Chrisman, Chua, & Steier, 2005). External ties, too, are important for family firms (Arregle et al., 2007), especially in the context of their internationalization, since they help in obtaining information from outside the firm.

It has been suggested that social networks may be especially strong in family-owned businesses, because of the unification of ownership and management (Salvato & Melin 2008). However (at least in the context of family firms), this topic remains under-researched (Arregle et al., 2007; Graves & Thomas, 2004; Kontinen & Ojala, 2010). The need to study the importance of social networks in family businesses has also been noted by Coviello (2006), who argued that there may be a difference between the network formation of rapidly internationalizing new ventures and family businesses. Moreover, the role of family in

international entrepreneurship has largely been overlooked (Graves & Thomas, 2004). This study is an attempt to close this gap.

Methods

Since the objectives of this research were more related to understanding of international opportunity recognition and social networks among family firms, it appeared that a qualitative research method would be the most appropriate for the study reported here. Therefore we chose a qualitative, theory building methodology to address the research objective of the study. The basic ideas of grounded theory (Glaser & Strauss, 1967) were adopted in the study because of its specific objective of building theory from qualitative data and interpretation. It is appropriate in order to gain novel understandings and the intricate details about a specific phenomenon under investigation (Strauss & Corbin, 1998, 19). More specifically the main aim is to build theory in area of international opportunity recognition and social network with the context of family business and to broaden existing theory by extending and refining the categories and relationships that have been left out of the literature (Locke, 2001). Therefore, we adopted an exploratory approach in our empirical analysis. Hence, we used a multiple case study method, similar to approaches introduced by Eisenhardt (1989), and Yin (2003) for the study, which was chosen due to the explanatory nature of the research questions and also because it allows both an in-depth examination and the explanation of cause-and-effect relationships of each case and the identification of contingent variables that distinguish each case from the other. Furthermore, as noted by Hall (2005), there is a need in the field of family

business for qualitative research which both draws on and generates theory, because family businesses are characterized by complex relationships and interactions (De Massis, et al., 2012). In addition, the case study method has been commonly used in research on internationalization and social networks (e.g. Johnsen & Johnsen, 1999, Axelsson & Agndal, 2000, Ellis & Pecotich, 2001).

As the present study aims at answering the “how” and “why” questions regarding a contemporary set of events over which the researcher has no control, a case study can be seen as a preferred research strategy. Our goal is not to statistically generalize, but to examine the case carefully in order to bring out the substance of the phenomenon, which commonly reflects the phenomenon at a more general level (see e.g. Hirsjärvi et al., 1997, 181- 182).

The case firms were selected for theoretical reasons instead of random sampling. It should further be noted that the selection of the firms for investigation were based on an overall theoretical perspective, as recommended in the study of Eisenhardt (1989). Hence we followed Yin (1994) in selecting cases in which the phenomenon under study is transparently observable. Eisenhardt (1989) recommends that researchers select between four and 10 cases, as it may be difficult to generate complex theory with less than four, while greater than 10 can result in “death by data asphyxiation” (Pettigrew, 1990, p. 281). For this study, eight internationally active Palestinian family entrepreneurs from manufacturing industries were selected. To be eligible as a case firm, the following criteria had to be fulfilled: (1) the firm was Palestinian, (2) the firm belonged to manufacturing industry, (3) and the firm was family-owned. Consistent with the earlier literature, for instance, Graves and Thomas (2008) and De Massis et al. (2014), this study defines a family firm in which the family (1) controls the largest block of shares or

votes, (2) has one or more of its members in key management positions (Zahra, 2003), (3) the firm is perceived by the entrepreneur to be a family business (Westhead, Cowling, & Howorth, 2001). This definition is based on the two criteria of ownership and management presented, for instance, by Graves and Thomas (2008), and with the notion of continuity presented e.g. by Zahra (2003).

A number of sampling strategies were used to obtain the eight case studies that met the criteria outlined above. These included opportunistic, convenience, snowballing, and theoretical selection methods (Miles & Huberman, 1994).

Sample and Data Collection

Multiple sources of information were used to gather data from each case firm. The main form of data collection was a semi-structured interview, guided by a list of topics. In the interview process, semi-structured, open-ended interviews were conducted. The approach made it possible to ask “main” questions and then to pose further, more detailed questions (Yin, 1994).

We had chosen Palestine as location of my cases, because the business environment in Palestine differs significantly from that of developed economies. In countries where the domestic market size is small, internationalization is an important growth strategy, forming part of efforts to guarantee long-term survival (Autio, Sapienza, & Almeida, 2000). The choice of the Palestine market as the context made possible the investigation of opportunity recognition and social networks in a particular context, which would be an example of developing countries due to the similarity of economic conditions in developing countries where the family firms run their businesses.

We identified a set of entrepreneurs that could potentially be included in the study through preliminary interviews with professionals collaborating with federation of Palestinian chambers of commerce, industry, and agriculture and also Palestinian trade center (PALTRADE), which provided a preliminary list and references for family entrepreneurs who have export activities from their professional networks. In order to build and elaborate the theory we searched for a purposeful sample of family entrepreneurs' members. Specifically, to facilitate the theory building, we searched for a context that could serve as an "extreme case" (Eisenhardt, 1989) with dynamics that are more visible than in other contexts.

After establishing contact with the entrepreneurs and conducting preliminary interviews, we selected a subsample of family entrepreneurs that met the above conditions. Among these, eight entrepreneurs were selected to participate in conducting the interviews. As shown in Table 1 the eight family entrepreneurs included in the final sample were all from different manufacturing industries , and the firm size ranges between ten and six hundred employees with an average of one hundred eighteen, finally the firm age ranges between seven and sixty years since foundation.

In this paper we used interviews as a primary source of data because the utility and reliability of interviews as a form of data collection is subject to scholarly debate, some emphasize the fruitfulness and underutilization of self-reports and firsthand narratives to understand subjective work experiences (e.g., Folkman & Moskowitz, 2000), while others stress the weaknesses of such approaches by reason of the tendency of informants to adjust their responses to maintain a positive self-image and create favorable impressions (e.g., Paulhus, 1984).

Specifically, the following steps were taken:

- At the outset of each case, a rapport and mutual trust was established with the selected family entrepreneur who mainly in charge of international affairs. This entrepreneur was briefed about the research project through a written project summary and a telephone meeting.

Table 1: Information on the Case Firms

The firm	Establishing year	Generation	Number of employees	Industry Segment	The Start of exporting
A	1994	Second	20	Aluminum industry	2000
B	1994	First	50	coated abrasive product	1995
C	1997	First	70	Stone & marble	2003
D	1993	First	600	sanitary and Plastic products	2008
E	2006	First	10	Olive wood hand crafts	2007
F	2001	First	27	Footwear industry	2001
G	1952	Third	15	Olive wood hand crafts	1978
H	1953	Second	150	Scales & Metallic Furniture	1975

- We undertook a semi-structured interview with each respondent (each lasting on average between 60–90 minutes). The Direct semi-structured open-ended interviews

were conducted and the interviewer followed the guidelines developed according Yin (1994), to minimize the risk of providing inaccurate or biased data.

- Secondary information (such as websites, annual reports, and projects documentation) was collected from each firm. In particular, we gathered and analyzed all the available company documents, catalogs, family information and reports regarding internationalization activities. Above all, these secondary information sources were integrated, in a triangulation process, with data drawn from the direct interviews, in order to avoid post hoc rationalization and to ensure construct validity (Yin, 2003).
- All interviews were tape-recorded and transcribed verbatim generally. A second listening was conducted to ensure correspondence between the recorded and transcribed data. In addition, at this stage a telephone follow-up and e-mail communication was used with the respondents to collect further information and to clarify any inconsistent issues.
- The interviews at each firm followed a similar procedure. The entrepreneurs were first asked to describe their business in general, including demographic information such as age, size and industry, historical information, then to explain the firm's internationalization histories and, as they did, descriptive details pertaining to each foreign market entry (the date and mode of entry, proportion of export sales, if they used social ties, etc.).
- When main issues of the interview was touched on, short questions such as "could you describe this? How? Why?" were posed to go deeper into issue.

- Before being analyzed, information gathered through the case studies was manipulated by applying data categorization and contextualization techniques (Miles & Huberman, 1994). We then followed a structured process for data analysis, made up of a preliminary within-case study, an explanation-building investigation, followed up by a cross-case comparison. These structured procedures for data collection and analysis, as well as the use of the semi-structured interview guide, helped enhance the reliability of the research (Yin, 2003).
- In the data-ordering phase, a detailed case history of each firm was drawn up, based on interviews and written documents. As Pettigrew (1990) has noted, organizing incoherent aspects in chronological manner is an important step in understanding the causal links between events.

In the data analysis phase, we used cross-case pattern searching. The unique patterns of each case were identified, and similar patterns were categorized under themes related to the research questions in this study. In addition, checklists and event listings were used to identify critical factors related to determinants that could contribute to social ties in opportunity recognition (Miles & Huberman, 1994).

Findings

In this section we present the network ties through which the opportunity to international markets was recognized by the entrepreneurs which are belonging to the case firms. The findings here are generally presented at entrepreneur's level due to the fact that is generally accepted by entrepreneurship theories that opportunities are recognized by individuals, not firms (Mort & Weerawardena, 2006; Ozgen & Baron, 2007; Singh 2000; Venkataraman, 1997)

First of all, international opportunity recognition will be considered from perspective of network ties as formal ties (with other firms), informal ties (with family, relatives and friends), and intermediary ties (trade exhibitions). Secondly, based on the previous literature on the topic theme, we shall consider whether the networking activeness of the present cases which can be seen as a proactive or a reactive in respect of their attempts in searching international opportunities. It should be noted that the classification is bound to be subjective to a certain extent, given the qualitative method applied. Finally we make a comparison between our emerged empirical evidence in current study and prior literature in the context of developed countries.

Types of Networks

As [Table 2](#) illustrates, the network ties were involved in international opportunity recognition of family firms in the form of: formal ties, intermediary ties and informal ties. First and foremost it is interesting to notice that formal ties were the most used ties by family entrepreneurs for recognizing international opportunities in case firms, since that Firms B, D, F, and H were used mainly formal ties to recognize the international opportunities. In Firm D for instance the opportunity to enter international markets was perceived via establishing a subsidiary in Jordan as a first step in their internationalization process after they had conducted an extensive market research. Consequently, they started to distribute their products in the market through this subsidiary and one of family members in Jordan had chosen to run the business there. In the second step of their internationalization process, they used that subsidiary as a main center to export to several countries around the world. Therefore, we consider the ties that used by Firm D as formal ties. The entrepreneur of Firm D summaries his experience as follows:

An exportation idea was always in our minds, so we had decided first to target Jordan Market by establishing new subsidiary since we became familiar with this market. Our aspiration was to expand our activities to other markets what we successfully did. We depended mainly in our targeting strategy on direct search inside the markets and participating in international trade exhibitions.

In the case of Firm B, the essential network tie in international opportunity was also formal. The story had started with firm B when the entrepreneur travelled to Jordan in search of business partners who might be interested in their products. After he had met some agents there, he started to export to Jordan. Subsequent to that successful experience they extended their exporting activities to several markets in the region. The exporting manager of Firm B described his experience as follows:

After we had developed our products to fit the international specifications, we chose the Arab Countries as a region for our target markets; specifically we started from Jordan as first footstep in our internationalization experience. Actually, starting from Jordan was accurate decision due to the similarity to our market, indeed our successful experience set out in international markets.

In the case of Firm F, when the entrepreneur had realized that domestic markets became overloaded by domestic and imported products mostly from China that led to the dumping of the domestic market, he wanted to survive, thus he decided to increase the sales by extension in new markets, especially the neighborhood markets like Jordan and Egypt. Subsequently, he travelled to these markets with samples looking for new opportunities. The general manager of firm F puts it as follows:

We were so close to shutdown because the Chinese products had dumped domestic markets and the competition became so rigid. Thus the decision was taken by family members to target neighborhood markets specifically those are similar to our market. After that I travelled to Jordan and Egypt looking for exporting opportunities until I have found some wholesalers who agreed to buy our products.

Regarding Firm H, their experience in exporting have been starting from a previous generation, when the founder had decided to export abroad after the firm had been achieving outstanding success in domestic markets. Thus, the founder entrepreneur had started an internationalization journey from Jordan via establishing a new subsidiary there; subsequently he extended the firm`s activities by exporting to other Arab countries.

Table 2: Types of network tie involved in the recognition of opportunities in the international market.

	Formal Ties	Intermediary Ties	Informal Ties
The Family Firm	D,F ,H & B	C & G	A & E

In Firms A and E, the essential network ties in the international opportunity recognition were informal. In the case of Firm A, the informal network tie was essential in the international opportunity recognition, since the firm had established a new distribution center in Jordan market, and that happened by the help from family members who lived in Jordan. Those family members helped in providing information, renting facilities and connecting with business partners. The Jordanian market considers as the most preferred market for family firms because it is consider as the most close and similar to Palestinian market. It is worth to mention here also that a high percentage of Palestinian families divided between Palestine and Jordan as

a result to historical political conditions. Finally one of family members in Jordan selected to run the distribution center in Jordan. The entrepreneur in Firm A described the decision to enter Jordan market as follows:

First of all, we had started to think about export to Jordan because we had a lot of relatives there and we were always travelled there for social purposes. Hence we had a chance to conduct a simple market research there before we established our distribution center there with help from our family members. Finally we hired one of those family members to run the business in Jordan because we really trusted them.

In the case of firm E, the exporting experience started after the entrepreneur phoned one of his friends who worked and lived in Germany, asking him the help for collecting information and finding potential exporting opportunities. In fact his friend was familiar with olive hand crafts industry, so it was possible for him to find such a good exporting opportunity and to connect with business partners. The owner manager of Firm E put it this way:

I remember at that period of time, I heard that many factories in the same field had started to export to Europe and the USA by help from their friends and relatives who have been living there. In addition there was a scarcity of the opportunities in domestic markets due to the unstable political situations. Hence, I phoned one of my friends who lived in Germany asking him for help in finding export opportunity there, and that's what has really happened.

In the last two cases (in Firms C and G), the ties were formed essential for the international opportunity recognition at international trade exhibitions. Both firms were looking for suitable business partners in international markets through trade exhibitions, but none of them focused solely on a specific target market, rather than they wanted to meet business partners from over

the world. Participation in international exhibitions generates more information about international opportunities than any other information sources, where people share common interests and they are highly potentiated to meet and to form network ties. The general manager of Firm C described the importance of trade exhibitions for his firm as follows:

Participation in trade exhibitions is extremely important for us, because all our contacts are made there and that is where our experience in exporting had started. I want here to emphasis on one an important thing, what's happening after participating in trade exhibitions more important than what's happening during it, I mean the follow up communication with potential partners is crucial. I would like to point out also that for our industry the most valuable participation is merely in specialized trade exhibitions where we can find right partners.

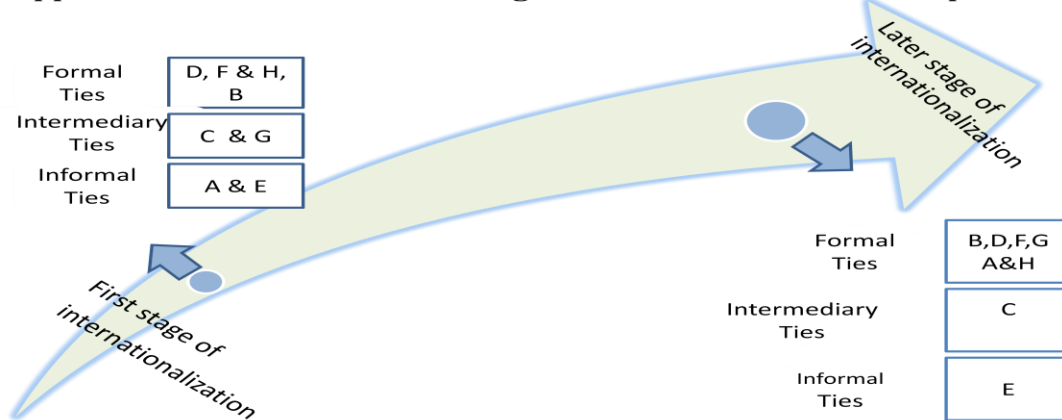
The same for the Firm G, the awareness in German market started after the entrepreneur visited the country several times for social purposes. Hence, the idea came in his mind to begin the exporting experience from Germany. After that the decision had been taken for participation in a trade exhibition that was talking place at that time. The entrepreneur in Firm G described his experience as follows:

After we had decided to target German market, we chose one of trade exhibition to participate in there. That participation was very useful for us since we had gotten the opportunity to connect with some business people who became later our business partners. I would like to point out here the help that we got from our family members there, who provided us with all needed facilities.

From another side we have found that there is deferent between first and later stages of internationalization of family business, as figure 1 illustrate, in the primary stage of

internationalization, the family firms depended partially on informal ties (social ties) with family members and friends. But in more advanced stages of the internationalization process, family firms become more dependent on formal ties and less dependent on informal ties. That is maybe due to the lower industry-specific knowledge and experience of family members and close friends in some industrial fields.

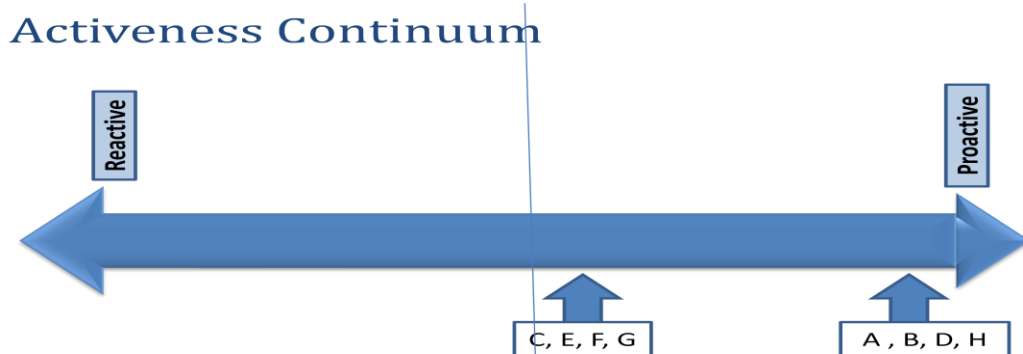
Figure 1: Types of networks ties involved in the recognition of international opportunities at first and later stage of the internationalization process



Networking Activeness in the Firms

The networking activeness in the case firms according to their attempts to enter international markets were assessed in the form of a continuum (see Fig. 2). In four out of eight case firms, the approach was highly proactive, while the other four cases considered as a fairly proactive that located in the middle of the continuum, and none of cases placed on the other edge of continuum near a reactive side, since there was no firm gained unsolicited orders at the preliminary stage of its internationalization experience. Moreover, there was no firm started its internationalization process by chance or reacted to initiations which came from outside of the firm.

Indeed, family entrepreneurs in Firms A, B, D and H can be considered highly proactive, because they were strategically searching for international opportunities with a specific target market, plan and goals. In addition these firms conducted fully or partially a marketing research. For example the entrepreneur from Firm A was proactive in his attempts to internationalize, since he had established a new distribution center in the Jordanian market. Moreover, he proactively planned to enter this market. Hence this firm is included in the proactive side of the continuum regarding international opportunity recognition.



• **Fig. 2 The level of Activeness in the Case Firms in their search for international opportunities**

In the remaining case Firms C, E, F and G the approach to international markets can be considered fairly proactive, so they placed approximately in middle of continuum, since they had a general will to expand their business in international markets, for instance, some of them had a strategic decision to internationalize, but without considering a specific target market in mind, or they participated in international exhibitions to connect with business partners from over the world. This indicates that they had considered the need for new international markets, with the possibility of following up the matter if they spot good opportunities. For example Firms C and G participated in trade exhibitions involving their industry. However, they did not

actively search for specific opportunities in a specific market, rather than they attended international exhibitions to seek out new contacts irrespective of the country that the contacts might have originated from. Furthermore Firms E and F, considered also as a fairly proactive even though they did a formal search for international opportunities, because these firms didn't have a specific market or a specific plan, and their investment the internalization process was low. Actually they wanted to keep afloat by expand the sales into new markets. For instance, the entrepreneur from Firm F explained:

“Our goal was merely to find new opportunities abroad in another markets due to continues decreasing in our domestic market share and to benefit from unutilized capacity. Then, we took a sample of our products and we travelled to Jordan and Egypt looking for business partners to distribute our products.”

Table 3: Level of activeness in the case firms (Personalized examples)

Firm	Level of activeness	Personalized Example
A	Highly proactive	<i>“We had a strategic goal to target and expand our activities in the Jordan market, therefore a strategic decision was taken to establish a new subsidiary there.”</i>
B	Highly proactive	<i>“Our plan was to start our exportation experience form Jordan, since it was a very similar to our market. At that moment, I travelled to Jordan to meet potential business partners who could be interested in our products, and fortunately I found the suitable distributors for our products.”</i>
D	Highly proactive	<i>“Our experience in exporting started from Jordan market after we had conducted some market research. Hence, we decided to establish a subsidiary there to distribute our products. Then we succeeded to export to other markets such as Saudi Arabia, Emirates, Kuwait, Germany, Ukraine and Turkey. We depended mainly in direct search in target markets in seeking for opportunities in addition to some participation in important international trade exhibitions.”</i>
H	Highly proactive	<i>“We established sales office in Jordan as distribution channel for our products. Moreover we have used this office as main point for exporting to a number of other</i>

		<i>Arab countries.”</i>
C	Fairly proactive	<i>“We participated in international exhibitions seeking for potential business partners. We were interested in the USA and Europe markets, and we gained the first order to Spain. Since that time we have kept participating in international exhibition in regular basis.”</i>
E	Fairly proactive	<i>“I was interested in the USA market as the largest Catholics assemble was living there, therefore, it was considered as the most important and attractive market for our hand craft industry. Therefore, I had been starting to connect with some of my friends and relatives who have been living there, until I had found one of my relatives who helped me finding good opportunities in the USA market.”</i>
F	Fairly proactive	<i>“We were seeking for an opportunity to export anywhere. Just we wanted to keep afloat in light of the significant decline in our domestic market share. As a consequence, we travelled to Jordan and Egypt with samples of our products looking for distributors”</i>
G	Fairly proactive	<i>“The first market we exported to was Germany, and that happened after we had participated in a trade exhibition there. Actually we were looking for exporting opportunities in Europe without specific market in mind, but Germany market was the first market we targeted in.”</i>

Discussion

The purpose of the study was to examine how network ties affect international opportunity recognition of family firms in Palestine as an example of developing countries, in addition to make a comparison between the emerged empirical evidence with finding in prior literature in context of developed countries. However, the findings in present study indicate that formal ties can be regarded as essential in the international opportunity recognition of family firms in developing countries since four out of the eight cases had used formal ties as primary context for recognizing international opportunities. In contrast, only two firms recognized the opportunity via informal ties. In other words, the role of informal ties between the

entrepreneur and family members and friends plays limited role in international opportunity recognition, since our study has indicated that the information obtained from such ties may lack the level of quality and accuracy that is important to success while formal ties play the most crucial role. It worth to notice also, that after the family firms have more experience in international market, it tends to use more formal ties rather than informal ties. Data analysis in current study revealed that six out of eight cases depend mainly on formal ties in advanced stage of its internationalization process. However, these results consist of Caviello (2006) who find these formal ties (business ties) dominated at all the stages of internationalization of new international ventures. Moreover, informal ties mainly used within uncomplicated industries, for instance, I asked the family entrepreneurs who does not believe in informal ties as a source of information for international opportunities:” why do not you turn to your informal networks when you are seeking for international opportunities? ” The most frequently answer was; because our social ties are not specialized in our field and they have a lack of knowledge in our industry. Finally, comparing with other ties, formal ties are used much higher than other ties in recognizing international opportunities. Hence, we can summarize the following propositions:

Proposition 1: Family Firms recognize international opportunities by using formal ties more than informal ties or intermediary ties.

Proposition 2: In more advanced stages of the internationalization process, family firms become more dependent on formal ties and less dependent on informal ties.

Nevertheless, this study indicates that only two family entrepreneurs which recognized the opportunity for foreign market entry through trade exhibitions as primary context. However, it is worth to mention here, even though that just two family firms in this study used trade

exhibitions as primary source for international opportunities recognition at first stage of internationalization, five out of eight family firms participated in trade exhibitions at the first and subsequent stages of internationalization process. This is consistent with earlier literature indicating the important role of trade exhibitions for opportunity recognition (Ellis, 2000; McAuley, 1999; Meyer & Skak, 2002). Trade exhibitions form a context with a dense network that facilitates access to important information since persons in the network can easily share essential knowledge (compare Burt, 2000). Therefore, trade exhibitions and similar forums where people share common interests or they can be considered as a context in which potential business partners may well be found, without the investment of huge amounts of money or time (for example Gallo & Pont, 1996; Graves & Thomas, 2008). Family firms compensate for their limited bridging network ties by attending international exhibitions where they can form new network ties (Kontinen & Ojala, 2011b). We can conclude by the following proposition:

Proposition 3: intermediary ties (trade exhibitions) are important for family entrepreneurs in initial and advanced stages of the internationalization process as a source of information for international opportunities.

As we observed in current study that family entrepreneurs were more proactive rather than reactive in their attempts to enter the international markets, since half of the case firms the approach had been highly proactive and the remaining case firms the approach had been fairly proactive, while none of the cases have been reactive. Consequently, there wasn't any case that recognized an international opportunity via an unsolicited inquiry. The case firms with a medium level of activeness realized the international opportunity via trade exhibitions or

informal ties. Therefore, the high level of activeness towards international markets in present study may lie in the fact that family entrepreneurs in developing countries must do extensive efforts to enter international markets due to the lack of reputation and competitiveness in addition to the negative country – of origin image. In most of cases, there was a strategic decision from family entrepreneurs for seeking international opportunities abroad, and some of them toward specific market. In addition, in all cases the initiation for seeking information regarding international opportunities was internally from family members inside the firm. Also, most of cases had kind of plan for starting exportation. According to these facts we suggest that family firms in developing countries are proactive in their attempts to search for international opportunities. From this, we can drive to the following proposition:

Proposition 4: In the present study the family firms were proactive in their attempts to enter international markets rather than reactive.

In this section we discuss the differences between the emerged empirical evidence in present study with the prior literature in context of developed countries. From present study we realize that there is no important difference between developing and developed countries regarding the types of network ties that mainly used by family firms. First of all, regard informal ties or social ties, the existing literature in context of developed countries suggested conflict results, for example, according to [Kontinen and Ojala \(2011a\)](#) social relationships with family members and close friends do not increase the ability to recognize new opportunities due to the lower industry-specific knowledge and experience of family members and close friends. Moreover, [Ozgen and Baron \(2007\)](#) suggested that family ties did not facilitate the opportunity recognition process of information technology firms. In contrast [Crick and Spence \(2005\)](#) reported

friendship ties used to identify new exchange opportunities in their study about UK. Also, [Ellis \(2011\)](#) in his analysis of 665 entrepreneurial exchange ventures revealed that entrepreneurs in relatively open economies are more likely to rely on social ties than entrepreneurs in less open economies. Our emerged empirical evidence found that informal ties are important but to limited extend, particularly in first stage of internationalization, and within specific and uncomplicated industries. Therefore the role of social ties is still unclear and inconsistent. Additionally, we found in present study that the formal ties or business ties are the most important ties for family entrepreneurs in recognizing international opportunities. Hence, this is consist with existing literature in context of developed countries that also emphasis the importance of formal ties as most used ties by family firms in recognizing international opportunities. However this results consists with [Caviello \(2006\)](#) who found that formal ties (business ties) dominated at all the stages of internationalization of international new ventures. We can conclude; comparing with other ties, in formal ties, the potential for recognizing international opportunities is much higher than other ties regardless the study had implemented in context of developing countries or developed countries ([Burt, 2004](#)).

Secondly, as a regard to the level of activeness in searching for international opportunities, we found that there is a quite significant difference between developed countries and developing countries. Given that, our emerged empirical evidence indicates that family entrepreneurs were generally proactive in their attempts to enter the international markets, since four family entrepreneurs were highly proactive while other four were fairly proactive and none of them was reactive. Hence, these results conflict with the previous studies in context of developed countries as most studies suggest that family firms are reactively seeking for the international

opportunities. For instance, Koller (1988) reported that most entrepreneurs recognized, rather than sought the opportunities. Also Shane (2000) found that none of the case firms in his study actively sought out opportunities prior to their discovery, instead, the opportunity was recognized accidentally. Kontinen and Ojala (2011b) reported in recent study that the ties involved in international opportunity recognition were found to be generally weak, having been formed in international exhibitions, or deriving from an unsolicited order so that the family SMEs in that study were more reactive than proactive. Ellis (2011) reported that the majority of opportunities recorded in his study (87%) were discovered rather than sought. However, many other studies over the years have shown that recognize valuable information by accident without actively searching for opportunities (Ardichvili, Cardozo, & Ray, 2003; Kirzner, 1979). Thus, from the discussion in this section we can arrive to the last two propositions:

Proposition 5: There is no important difference between developed countries and developing countries regarding the type of ties used by family firms for international opportunity recognition.

Proposition 6: Comparing the emerged empirical evidence with the findings from prior literature on international opportunity recognition, family entrepreneurs in developing countries are more proactive than in developed countries.

Conclusion

This study has employed a case-based approach to explore how family entrepreneurs recognize international opportunities by using data gathered from eight Palestinian family firms within different industrial sectors. We chose a case research methodology as it provided us with rich data and allowed us to develop a rapport with the entrepreneurs, since it was important to be

able to establish some level of trust with entrepreneurs in order to gather the most valuable data we needed to address in our research question.

The present study contributes by providing exceptional empirical insights on the internationalization of family firms' behavior in context of developing countries. Therefore it contributes to the fields of international entrepreneurship and family business studies. First of all, it answers the calls for more research on international opportunity (Dimitratos & Jones 2005; Ellis, 2008; Young, Dimitratos, & Dana, 2003; Zahra, Korri, & Yu, 2005). Second, it indicates how different types of network ties (formal ties, informal ties and intermediary ties) affect international opportunity recognition as well as the level of activeness in searching for such international opportunity. Finally, the present study has conducted in the context of developing countries since most previous literature had done in context of developed countries.

Our findings show that family firms mainly recognize international opportunities by formal ties, where the informal ties or social ties having a less significant role. Although we found some evidence of informal ties or social ties being used as a source of international opportunities, it nevertheless appears the role of social ties still limited and within specific industries and takes place less often in later stages of internationalization. However, this consistent with Coviello's (2006) finding that social ties did not play an instrumental role in the initial foreign market entry of the New Zealand firms that she studied and with the study by Rasmussen and Madsen (2001) on Danish and Australian born global. As regard to the intermediary ties were most often initiated at international trade exhibitions that founded to be somewhat important as primary context for international opportunity recognition and quite important in the later stages of

internationalization process. Furthermore, we found that family entrepreneurs were proactive rather than reactive in their attempting to recognize the international opportunities. Comparing this result with prior literature in context of developed countries suggest that family entrepreneurs in developing countries are more proactive than developed countries. This seems to be due to the lack of reputation and competitiveness in addition to the negative country – of origin image in comparison with developed countries, therefore, it is crucial for family firms in developing countries to be more proactive if they would like to internationalize. For instance, this is more obvious when considering unsolicited orders that were unavailable in any of present cases, while it existed strongly in other studies that had conducted in context of developed countries (Kontinen & Ojala, 2011b; Ellis 2011; Ardichvili, Cardozo, & Ray 2003; Kirzner, 1979; Shane, 2000; Koller, 1988).

Managerial Implications

Our study findings also have important implications for practice. First, By highlighting the importance of networks ties whether social or business ties in recognizing international opportunities of family firms, our study conveys to managers and entrepreneurs that in firms contemplating and executing international expansion they need to take into consideration the structure, content, and types of their networks ties . Second, they are also advised to avoid overreliance on personal and social ties, since our study indicates that the information obtained from such ties may lack the level of quality and accuracy that is important to success. Third, managers should ensure that they have broad network ties options, since these options will influence not only their market selection decision but also the entire internationalization process. Hence, from a managerial point of view, family entrepreneurs with limited

international networks should concentrate on actively looking for new formal ties, which can provide them with novel and valuable information on international opportunities. Moreover, International trade exhibitions are important context for family entrepreneurs to engage in networking and find right business partners. Fourth, through network relationships, even family firms in developing countries that face some difficult problems in their internationalization, such the problem of negative country – of origin image or lack of competitiveness, could cover the problems if their managers could find network partners in another similar but somewhat smaller and closer market to be used as stepping stone to a larger and eventual target market. Finally, our study has important policy implications. Family enterprises play a vital role in the economic development of conversion economies and with exporting often being a key element in the strategy of such firms, policy makers in such countries need to actively consider ways of facilitating internationalization. Given the importance of international networks in such internationalization, organizing specific events (e.g., trade fairs, missions and international conventions) where family firms have the opportunity to develop the needed ties.

Limitation and Future Research

Regarding the possible limitations of the study, these include the relatively small number of investigated family firms and the duration of some of the interviews. Also we believe that while networking may be somewhat different in the in Palestine from what it is in Western and stable economies, the constructs and measures used by us are suitable for the study based on the personal interviews with family entrepreneurs. Moreover, our sample was limited to family firms in the Palestinian manufacturing sector and may not, therefore, be generalizable to other contexts, since Palestine has special circumstances as country under occupation that has not a

normal or stable economy conditions. However, given that the similarity of the Palestinian economy and its cultural history are similar to that of several other Arab countries in the region, our findings should apply to other countries in the region.

Although our study provides an empirical contribution to the topic of international opportunity recognition and family firms there is abundance of scope for further research, to gain more understanding of the role of social and business networks in this process. The study offers six propositions for further quantitative testing, since the findings of this study are not widely generalized due to the methodological circumstances. It is our hope that our research will motivate other scholars to pursue additional research in this area. Also, it is important to check the validity of our implication for other industry sectors of the economy, especially in the services market that is more strongly oriented on personal relationships. Moreover, a similar kind of a study could be conducted in some other cultural contexts. This could cast more light on the effect of the cultural context on the issue. Finally, our research setting limits the case firms to family-owned firms. Although this approach has the advantage of a specific focus, one would clearly wish to take the research into broader contexts. Thus, further studies are needed in relation to network ties of early internationalizing firms and firms that have different kinds of ownership structures. In addition, there is a need for comparative studies between family firms and nonfamily firms.

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ARTICLE2

How do the Entrepreneurial Networks Change Across Generations in Family Firms?

Abstract:

The purpose of this exploratory study is to understand how the entrepreneurial networks change and develop across generations in family firms that are run by second and subsequent generations. In other words, we investigate how successive generation impacts the entrepreneurial networks development process. Therefore, we employed a case-based approach using family entrepreneur as unit of analysis. The current study contributes to the fields of entrepreneurial networks and family business studies. The evidence suggests that the entrepreneurial networks in present generation are diverse, flexible and dynamic; while in prior generation were limited in size, static and uniform. Furthermore, prior generation had informal, personal, and a friendship relation with network members relayed on the honesty and mutual trust, and showed passive approach in searching for new network ties. In contrast the current generation seems more formal, objective and professional in its interaction with network members showing more proactive level of networking. Findings also imply that once the sons take over the family business they tend to conduct some changes and adaptations on their fathers' entrepreneurial networks by for example, extending and enlarging the size of their fathers' network; dropping some of disappointed relationships and ties; reframing the already

established networks as a substitute of breaking down ; maintaining constant constructing and reconstructing of entrepreneurial networks according to growth needs and environmental changes; and retaining the core members of the fathers' entrepreneurial networks. Finally, the study concludes with appropriate recommendations for managerial decision making and future research.

Keywords: *Entrepreneurial Networks, Family firms, Generations, Succession.*

Introduction

Networks are an essential element in entrepreneurial social processes and have also been found to be important for entrepreneurial firms (Drakopoulou-Dodd, Jack, & Anderson, 2006; Hoang & Antoncic, 2003; O'Donnell, Gilmore, Cummins, & Carson, 2001). Networking extends the reach and abilities of the individual to capture resources that are held by others and so improve entrepreneurial effectiveness (Davidsson & Honig, 2003; Jack, Drakopoulou- Dodd, & Anderson, 2004; Hite, 2005; Ozcan & Eisenhardt, 2009; Slotte-Kock & Coviello, 2010). The importance of networks for the entrepreneurial process is not constrained to the start-up stage, but also entrepreneurs continue to rely on networks for advice, problem solving, get ideas and gather information to recognize entrepreneurial opportunities (Birley, 1985; Smeltzer et al., 1991; Johannisson et al., 1994; Hoang & Antoncic, 2003). Moreover, networks not only influence individuals but also impact significantly on how organizations are managed, developed, maintained and sustained (Nohria & Eccles, 1992; Nelson, 2001). Since the 1990s according to Neergaard et al. (2005), networking becomes a major theme in entrepreneurship research (Hansen, 1995; Chell & Baines, 2000; Dodd et al., 2002; Jack et al., 2008). Consequently, network research can involve the study of a wide range of features and aspects

such as network size, structure, interactional processes, influences, behaviors and skills (Coviello, 2005). In a detailed review of network research in entrepreneurship, Hoang and Antoncic (2003) assess the literature and define two categories of research. The first positions the network as an independent variable by trying to understand how networks affect the entrepreneurial process and outcomes. The second positions the network as a dependent variable by focusing on how entrepreneurial processes influence network development. In current study we consider the second position where the network is positioned as the dependent variable (how entrepreneurial process and outcomes influence network development over the time), since we are seeking to shed light on how entrepreneurial process (particularly transgenerational) can impact entrepreneurial networks of family firms, or in other words to understand the transgenerational impact on the networking development processes. Slotte-kock & coviello (2010) recommend for more research where the networks is positioned as dependent variable to understand the influence of the entrepreneur on firm' networks. However, in the research that considers the network as dependent variable; Process-oriented network research is most appropriate here, in order to observe and track the changes in entrepreneurial networks. According to Hoang and Antoncic (2003) understanding of network development process could also be extended with more focused research on the differences across individuals in the extent to which network resources are leveraged. Hence, the process of network development could be affected by the generation who control and manage the family business, since different generations of owners in family firm exhibit different interests, management styles, and objectives (Okorafo, 1999). Each generation of leadership brings new strategic ideas that build on underlying, long-held competencies developed for earlier

strategies (Ward, 1998). The later generations can also be expected to be more qualified, educated, sometimes outside experience (Sonfield & Lussier, 2004), have more information, and better prepared (Fernández & Nieto, 2005).

However, we focus on the concept of process to study entrepreneurial networks in family firms that is characterized by change and also consisting with Hoang and Antoncic (2003) who call for further research on network development processes.

The gaps in the entrepreneurial networks literature , most notably in terms of a heightened understanding of the content of network interactions (O'Donnell et al., 2001; Barnir & Smith, 2002; Lechner & Dowling, 2003), the processes within network relations (O'Donnell et al., 2001) and the dynamic nature of networks over time (O'Donnell et al., 2001; Lechner & Dowling, 2003; Shaw, 2006). Thus, specific gaps which need to be addressed in order for understanding about the relationship between entrepreneurship and networks to be extended and theory enhanced. In particular, gaps that stand out relate to issues of process, transformation, empowerment, enactment, operation and dynamics (Jack, 2010). Our interest in the present study is the dynamic nature of entrepreneurial networks that are characterized by change (Hoang & Antoncic, 2003). For instance, Larson and Starr (1993) were among the first to argue that entrepreneurial networks change over time. The network appears to shift and adapt to fit the needs of its participants (Jack, 2010). Hence, generating a clearer understanding of how and why networks develop, change, and adapt over time and how entrepreneurs use their networks to meet entrepreneurial requirements is crucial in understanding the entrepreneurial process. Specifically, we have pointed out the potential implications of ignoring network dynamics in the theoretical development of this field by investigating how do entrepreneurial networks

develop, change and adapt over the time with respect to transgenerational in family firm, and this is considered as a significant gap that we address in current study.

Family firms throughout the world are the most common form of organization, especially among small and medium-sized enterprises (Gersick et al., 1997; Westhead & Howorth, 2007).

While family firms play crucial roles in the creation of economic and social wealth, they face significant challenges to survive and prosper across generations. As family businesses are a primary contributor to the economic and social well-being, their lack of longevity is a cause for concern. It has been estimated that, internationally, only 30% of family firms survive to the second generation, while not more than 14% make it beyond the third generation (e.g., Bjuggren & Sund, 2001, p. 12; Fleming, 1997, p. 246; Matthews, Moore, & Fialko, 1999, p. 159).

In recent review of family business research (Debicki et al., 2009) found many of articles in four journals between (2001 - 2007) focused on succession. Unfortunately, there doesn't seem to be much about differences between generational owners' characteristics, views and behavior. Moreover, despite of a realization within the literature of the need to explore the structure and processes of family firm networks, few empirical studies have sought to do so (Aldrich & Reese, 1994; Aldrich & Whetten, 1981; Borch & Arthur, 1995; Brown & Butler, 1995; Kantor & Eccles, 1992; Salancik, 1995). Although of the work carried out, there is still a lack of understanding in how entrepreneurial networks develop, change, and adapt over the time and how the entrepreneurs from different generations actually go about using their entrepreneurial networks, given that dynamic and changing nature of networks over the time. Considering this research gap, we have decided to undertake an exploratory study of family entrepreneur's

networks that built upon existing research by exploring how entrepreneurial networks change across generations in family firms

From the present article we seek to make two contributions to the growing literature of entrepreneurial networks and family business. First, by studying, identifying and analyzing the specific spans of networking development processes that enact the entrepreneurial growth process with respect to generations in family firms, as it would seem networks are important, questions concerning how networks develop, change and adapt over generation remain unexplored, also responding the calls from [Hoang and Antoncic \(2003\)](#) for further research on network development processes. Second, it contributes on entrepreneurship and family firms by investigating and conceptualizing the networking process through which different generations differ in their perceptions and in the way of handling networks. We know much less about how networking operates and change for family firms and the impact of successive generation on networking processes, as well as the little research, to date, has addressed how family firms networking in general. Moreover, the primary concern of many family firms is to develop and maintain appropriate networks over generations.

In summary, our purpose of this exploratory study is seeking to contribute family firms and entrepreneurial networks research by responding to our central question that we address in this research which is “How do entrepreneurial networks change across generation in family firms”. However, we can break down this research question into the following two sub-questions:

1) How and whether the succession in family firms affects the entrepreneurial networking development process?

2) How and why entrepreneurial networks develop, change and adapt over generations in family firms.

In addressing these questions, such as “how”, “whether” and “why”, most often a qualitative approach is most suitable research strategy for such types of research. For example, exploring network development processes; explaining types of relationships and contact; and explaining the context in how people interact with those in their environment (Birley, 1985; Huggins, 2000; Jack & Anderson, 2002).

The paper is organized as follows: First section is a review of the literature on the entrepreneurial networks, generational differences, and succession process in family business. In the second section, the research methodology is provided. Next, the results are presented. Finally, the conclusions, recommendations, and future research directions are provided as well.

Literature Review

Family Business Succession

As family businesses are a primary contributor to the economic and social well-being of all capitalist societies, their lack of longevity is a cause for concern. It has been estimated that, internationally, only 30% of family businesses survive to the second generation, while less than 14% make it beyond the third generation (e.g., Bjuggren & Sund, 2001, p. 12; Fleming, 1997, p. 246; Matthews et al., 1999, p. 159). According to several authors and consultants, one of the main reasons for the high failure rate among first and second generation family businesses is their inability to manage the complex and highly emotional process of ownership and management succession from one generation to the next (Matthews et al., 1999, p. 160). Succession considers as a significant moment in a family business’s life. Indeed, Ward (1987)

defines a family business as a business that will be passed from one generation to another. There is a general agreement on the fact that family business succession is a complex process that takes time and involves several and different factors (De Massis et al., 2008), and where the incumbent and the successor goes through different phases. Thus, is it not surprising that management succession is the most important concern of family business leaders (Chua, Chrisman, & Sharma, 2003) and the most frequently researched topic in the family business literature (Brockhaus, 2004; Handler, 1992; Ward, 2004).

For the purpose of this study, we follow Chua, Chrisman, and Sharma (1999, p. 25) in defining a family business as “a business governed and/or managed with the intention to shape and pursue the vision of the business held by a dominant coalition controlled by members of the same family or a small number of families in a manner that is potentially sustainable across generations of the family or families.” This definition is consistent with our purpose since it emphasizes the importance of transgenerational in family firms. Succession refers to situations where both the incumbent who relinquishes managerial control and the successor who takes it over are family members. The succession process is defined as the actions, events, and developments that affect the transfer of managerial control from one family member to another (Sharma, Chrisman, Pablo, & Chua, 2001).

Churchill and Hatten (1987) developed a life-cycle approach to describe the succession process between father and son in a family firm. They distinguish four stages: (1) a stage of owner management, where the owner is the only member of the family directly involved in the business; (2) a training and development stage, where the offspring learns the business; (3) a partnership stage between father and son; and (4) a power transfer stage, where

responsibilities shift to the successor. Indeed, we are interested mainly in the last stage where the responsibilities on successor's shoulders, seeking out to understand how successor will manage in family business networks. Although approximately one-third of the family business literature is devoted to succession issues (Sharma, Chua, & Chrisman, 2000, p. 234), knowledge of what actually happen after family businesses are successfully passed down to the next generation remains overlooked. Therefore, we yearn to explore how the family entrepreneurs manage their networks after the successful succession takes place in the family firm. Likewise, we know much less about how networking operates and change in family firms and the impact of successive generational owners on networking processes. Indeed, little research, to date, has addressed how family firms networking in general.

Generational Differences

The generational issues in family business literature, has still been a pre-occupation with succession (e.g., Cater & Justis, 2009; Miller, Steier, & Le Breton-Miller, 2003; Brenes, Madrigal, & Moilina-Navarro 2005; Venter, Boshoff, & Maas, 2003). For instance, a more recent review of family business research (Debicki et. al., 2009) found that 15.1 percent of articles in main four journals between 2001-2007 focused on succession. Unfortunately, there doesn't seem to be much about differences between generational owners' characteristics, views and behaviors. However, the attitudes and behaviors of family businesses can vary throughout the generations (Swinth & Vinton, 1993; Welch, 1992). Different generations of owners in family firm exhibit different interests, management styles, and objectives (Okorafo, 1999). Each generation of leadership brings new strategic ideas that build on underlying, long-held competencies developed for earlier strategies (Ward, 1998). The later generations can also be expected to be

more qualified, educated, have more information, and better prepared (Fernández & Nieto, 2005). Therefore, the second and subsequent generations may have acquired abilities and knowledge that the founders do not have (Fernández & Nieto, 2005). The existing literature suggests a variety of possible differences between first-generation and subsequent-generation family firms, but most studies' examinations of generational issues were only a small or tangential part of a larger focus on other or broader family firm issues (Sonfield & Lussier, 2004). The generational perspective of a family firm emphasizes that members of different generations differ in terms of the stage of development of their firm, as well as in terms of their own capability to influence the firm's strategic direction (Greiner, 1972; Sonfield & Lussier, 2004). Moreover, researchers have found generational differences among first, second and beyond-generation family firms, along different variables (e.g. Bammens et al., 2008; Sonfield & Lussier, 2004). For instance, in first generation family firms, the presence of the founder is the most powerful influence on organizational development (Brun de Pontet et al., 2007). The founder is an entrepreneur, who drives the firm's development and expansion based on his or her intuition, business idea and strategies, rather than on industry characteristics and/or competitors' moves. However, second-generation managers in family firms face different challenges (Gersick et al., 1997). Therefore, they must push for new ways to do things, given the changing environmental conditions if they want to move beyond the legacy of the previous generation (Handler 1992). Compared to first-generation founders, second-generation managers often possess more formal education and sometimes outside experience (Sonfield & Lussier, 2004), which gives them a greater ability to engage in analyzing markets and competitors in order to find space for new entrepreneurial activities. The outside working

experience allows and helps the successor to gain and develop its networks that may differ significantly from the previous generation. Finally, since there is no studies that have attempted to compare the different generations as regards to how they are managing their entrepreneurial networks, we attempt to explore these differences between generations by highlight on how generations actually go about using their entrepreneurial networks, given that dynamic and changing nature of networks over the time. Moreover, we need to explore how and whether the subsequent generations in family firms differ in their perceptions and in the way of handling entrepreneurial networks.

Entrepreneurial Networks

Few phenomena in today's business world have had the same breakthrough and impact as networks. Networks are a key element in entrepreneurial social processes and have also been found to be important for entrepreneurial firms (Drakopoulou-Dodd, Jack, & Anderson, 2006; Hoang & Antoncic, 2003; O'Donnell, Gilmore, Cummins, & Carson, 2001). Networking extends the reach and abilities of the individual to capture resources that are held by others and so improve entrepreneurial effectiveness (Davidsson & Honig, 2003; Jack, Drakopoulou- Dodd, & Anderson, 2004; Hite, 2005; Ozcan & Eisenhardt, 2009; Slotte-Kock & Coviello, 2010). The importance of networks for the entrepreneurial process is not constrained to the start-up stage, but also entrepreneurs continue to rely on networks for advice, problem solving, get ideas and gather information to recognize entrepreneurial opportunities (Birley, 1985; Smeltzer et al., 1991; Johannisson et al., 1994; Hoang & Antoncic, 2003). Moreover, networks not only influence individuals but also impact significantly on how organizations are managed, developed, maintained and sustained (Nohria & Eccles, 1992; Nelson, 2001). In this study, we

follow Salanick's (1995, p 345) definition of network "network are constructed when individuals, whether organization or humans, interact". Similar definition is used by Hoang and Antoncic (2003, p. 167) who also provides a general definition of a network as "consisting of a set of actors and some set of relationships that link them". These definitions emphasize the notion of actors and links between them that form the foundations and the shape of the network.

Since the 1990s according to Neergaard et al. (2005), networking becomes a major theme in entrepreneurship research (Hansen, 1995; Chell & Baines, 2000; Dodd et al., 2002; Jack et al., 2008). Nevertheless, Jack et al., (2008) raised important issue that network research lacks clear conceptual considerations and is not effectively used as an analytical tool. Moreover, entrepreneurship research on networks usually lacks a development perspective (Hoang & Antoncic, 2003). However, while the role of networking in new venture start-up is well established (Hite & Hesterly, 2001), we know a little about how networking operates and changes for entrepreneurial businesses beyond start-up. Furthermore, despite the pervasion of the network concept and its increasing popularity, many questions are still unanswered about the content of network interactions (O'Donnell et al., 2001; Barnir & Smith, 2002; Lechner & Dowling, 2003), the processes within network relations (O'Donnell et al., 2001) and the dynamic nature of networks over time (O'Donnell et al., 2001; Lechner & Dowling, 2003; Shaw, 2006). Consequently, network research can involve the study of a wide range of features and aspects such as network structure, size, interactional processes, influences, behaviors and skills (Coviello, 2005). In spite of the considerable attention that networks have received, significant gaps still exist in knowledge and understanding about the relationship between

entrepreneurship and networks. In particular, gaps that stand out relate to issues of process, transformation, empowerment, enactment, operation and dynamics (Jack, 2010). Our interest in the present study is the dynamic nature of entrepreneurial networks that are characterized by change (Hoang & Antoncic, 2003). For example, Larson and Starr (1993) were among the first to argue that entrepreneurial networks change over time. The network appears to shift and adapt to fit the needs of its participants (Jack, 2010). Hence, generating a clearer understanding of how and why networks develop, change, and adapt over time and how entrepreneurs use their networks to meet entrepreneurial requirements is crucial in understanding the entrepreneurial process. Specifically, we have pointed out the importance generational successive owner in family businesses as critical incident and significant moment in a family business's life cycle, and the potential impact on the entrepreneurial networks. Therefore, our interest in current research is to answer questions regard the entrepreneurial networks in family firms, such as for example; in what ways, for what reasons, why and how do networks develop, change and adapt to suit the needs and conditions of the family business over time. In doing so, the present study identifies the potential differences of networking development process between pre- and post- succession in the family firm. Consequently, this study is positioned between and complement to lines of entrepreneurship research: namely, it combine transgenerational with entrepreneurial networks in context of family business.

Networking Development Process

In a detailed review of network research in entrepreneurship, Hoang and Antoncic (2003) assess the literature and define two categories of research. The first positions the network as an independent variable by trying to understand how networks affect the entrepreneurial

process and outcomes. The second positions the network as a dependent variable by focusing on how entrepreneurial processes influence network development. In present study we consider the second position where the network is positioned as the dependent variable (how entrepreneurial process and outcomes influence network development over the time), because we are seeking to shed light on how entrepreneurial process (particularly transgenerational) may impact networking process in family firms. [Hoang and Antoncic \(2003\)](#) pointed out that the research which considers the network as dependent variable; Process-oriented network research is most suitable in this case. [Slotte-Kock and Coviello \(2010\)](#) suggest the extension of networks research by focusing on process-related network literature in entrepreneurship with importing knowledge from other approaches to help inform future entrepreneurship research. They also suggest for further research where the network is positioned as the dependent variable to understanding the influence of the entrepreneur on the entrepreneurial networks. According to [Hoang and Antoncic \(2003\)](#) understanding of network development process could be extended with more focused research on the differences across individuals in the extent to which network resources are leveraged. Consequently, we argue that network development process may be affected by the generation who control and manage the family firm, since the role of family entrepreneur is crucial in shaping networks structure and processes. However, [Slotte-Kock and Coviello \(2010\)](#) propose that a firm initiates change in its networks due to its own development or to enact or adapt to the external environment. Hence, it is important to understand when the changes in networks take place due to external environment and when it occurs as a consequence of transgenerational process. As literature suggest, many changes could be happen through networking development process, for example; [Larson and Starr](#)

(1993) argue that over time, the network reflects increasing density, complexity, and interdependence of actors. In comparison, Hite and Hesterly (2001) argue that networks change from being identity-based to more calculative and the network shifts from being dominated by socially embedded ties to having a balance of embedded and arm's-length ties. The network also shifts from being path-dependent (reliant on history and chance) to one that is more proactively or intentionally managed by the entrepreneur (Hite, 2005).

Yet, what is actually term of "process" mean? Hoang and Antoncic (2003) consider process as involving general sequential activity. According to Van de Ven (1992), scholars tend to adopt different meanings for this concept; meanings which then influence the questions, methods, and contributions of their research. However, Van de Ven delineates three meanings of process: (1) when process logic is used to explain a causal relationship between variables, (2) where concepts are operationalized as a process construct and measured to assess their change over time, and (3) where process is depicted or described using a developmental event sequence. In present study we apply a combination of the three theory meanings. Van de Ven and Poole (1995) note it is logical to assume that theories can be combined.

Research Methodology

While the research problem identified was to understand "how" entrepreneurial networks changes across generations in family firms, it appeared that a qualitative research method would be the most appropriate for the study reported here. First of all, qualitative approach offers the opportunity for greater understanding of the views and personal experiences of individual respondents, in addition to provide mechanism to uncover the complex patterns of networking behavior and processes (Shaw, 2006; Jack, 2010). Moreover, since we are

interested in studying processes, qualitative methodology to address subtle questions (Neergard et al., 2005: 349) is most suitable. Furthermore, qualitative methods offer the opportunity to access to network relationships context and allow for process oriented research to be carried out (Hoang & Antoncic, 2003). Consequently, we chose a qualitative, theory building methodology to address the research objectives of the study. The basic ideas of grounded theory (Glaser & Strauss, 1967) were adopted in the study because of its specific objective of building theory from qualitative data and interpretation. It is appropriate in order to gain novel understandings and the intricate details about a specific phenomenon under investigation (Strauss & Corbin 1998, 19). More specifically, the main aim is to build theory in area of entrepreneurial networks in the context of family firms, and to broaden existing theory by extending and refining the categories and relationships. Likewise, since the present study implement in field of family business there is a need for qualitative research which both draws on and generates theory (De Massis & Kotlar, 2014), also consistent with recent family written studies that based on qualitative methods as family businesses are characterized by complex relationships and interactions (De Massis et al., 2014; De; De Massis et al, 2013). However, more use of qualitative methods will not only enhance current understanding of entrepreneurial networks in context of family firms but also improve knowledge about the entrepreneurial process as whole.

Given that, a lack of depth understanding the “how and why” entrepreneurial networks processes work and develop over the time (slotte-kock & coviello, 2010), we adopted an exploratory approach in our empirical analysis, for understanding how entrepreneurial networks change across generations in family Palestinian firms. Indeed, we look forward to

explore how entrepreneurial networks develop, change and adapt over generation; understanding more about networking development processes; and explaining how succession process impact entrepreneurial networks (Jack & Anderson, 2002; Jack, 2010). Hence, we considered a multiple-case study approach (Eisenhardt, 1989, 2007; Yin, 2003) as most adequate research strategy for three reasons: First, because case studies are best positioned to answer “how” and “why” questions regarding a contemporary set of events over which the researcher has no control. Second, because we wished to acquire rich, in-depth data (Wright, Lane, & Beamish, 1988) to gain deep insights into a contemporary and complex issue within its real-life context (Yin, 2003). Third, because case studies facilitate the inductive gathering of new insights (Sutton, 1997), which may have been originally unknown to the researchers. Our goal is not to statistically generalize, but to examine the case carefully in order to bring out the substance of the phenomenon, which commonly reflects the phenomenon at a more general level Yin (2003). Therefore, six cases were purposefully selected in order to be able to conduct cross-case comparisons and to allow both an in-depth examination and the explanation of cause-and-effect relationships of each case and the identification of contingent variables that distinguish each case from the other. The case firms were selected for theoretical reasons instead of random sampling. It should further be noted that the selection of the firms for investigation were based on an overall theoretical perspective, as recommended in the study of Eisenhardt (1989). Eisenhardt (1989) recommends that researchers select between four and 10 cases, as it may be difficult to generate complex theory with less than four, while greater than 10 can result in “death by data asphyxiation” (Pettigrew, 1990, p. 281). For this study, six manufacturing family firms that located in Palestine were selected to be eligible as a case firms,

the following criteria had to be fulfilled: (1) the firm was Palestinian, (2) the firm belonged to manufacturing industry, (3) and the firm was family-owned. Consistent with the earlier literature, for instance, [Graves and Thomas \(2008\)](#), this study defines a family firm in which the family (1) controls the largest block of shares or votes, (2) has one or more of its members in key management positions ([Zahra, 2003](#)), (3) the firm is perceived by the entrepreneur to be a family business ([Westhead, Cowling, & Howorth, 2001](#)). This definition is based on the two criteria of ownership and management presented, for instance, by [Graves and Thomas \(2008\)](#), and with the notion of continuity presented e.g. by [Zahra \(2003\)](#). A number of sampling strategies were used to obtain the six case studies that met the criteria outlined above. These included opportunistic, convenience, snowballing, and theoretical selection methods ([Miles & Huberman, 1994](#)). Regarding the unit of analysis, in practice, many studies of entrepreneurial networking simply avoid the problem by ignoring it ([Jack, 2010](#)). In present study the unit of analysis is the family entrepreneurs from second and subsequent-generation, since the entrepreneurial literature where networks are seen as a way to extend the potential resource base of the entrepreneur ([Johannisson & Peterson, 1984](#); [Birley, 1985](#); [Aldrich & Zimmer, 1986](#); [Carsrud & Johnson, 1989](#); [Johannisson et al., 1994](#); [Shaw, 2006](#)).

Sample and Data Collection

Multiple sources of information were used to gather data from each case firm. The main form of data collection was a semi-structured interview, guided by a list of topics. In the interview process, semi-structured, open-ended interviews were conducted. The approach made it possible to ask “main” questions and then to pose further, more detailed questions ([Yin, 2003](#)).

We had chosen Palestine as location of our cases since Palestine has a unique business environment and is relatively unknown to most entrepreneurship scholars. As well as, the absence of major studies on the networking, family firms and entrepreneurship in the region. We identified a set of entrepreneurs that could potentially be included in the study through preliminary interviews with professionals collaborating with federation of Palestinian chambers of commerce, industry, and agriculture and also Palestinian trade center (PALTRADE), which provided a preliminary list and references for family entrepreneurs who are in the second or subsequent generations from their professional networks. After establishing contact with the entrepreneurs and conducting preliminary interviews, we selected a subsample of family entrepreneurs that met the above conditions. Among these, six family entrepreneurs were selected to participate in conducting the interviews. As shown in Table 1 the six family entrepreneurs included in the final sample were all from manufacturing industries, and the firm size ranges between 12 and 80 employees with an average of 35, finally the firm age ranges between 16 and 109 years since foundation. The fieldwork was carried out over a four weeks period in the December of 2013 and January of 2014 in Palestine, specifically in west bank since it was impossible to include Gaza Strip due to the complex political conditions in the region. In this study we used interviews as a primary source of data because the utility and reliability of interviews as a form of data collection is subject to scholarly debate, some emphasize the fruitfulness and underutilization of self-reports and firsthand narratives to understand subjective work experiences (e.g., Folkman & Moskowitz, 2000), while others stress the weaknesses of such approaches by reason of the tendency of informants to adjust their

responses to maintain a positive self-image and create favorable impressions (e.g., Paulhus, 1984).

Table 1: Information on the Case Firms

The firm	Founded	Latest Active Generation	Number of employees	Industry	Family members	Years after succession	Joining the family firm
Al - Arja Textile company	1967	Second	80	Textile	5	18	32
National Textile Company	1965	Second	20	Textile	3	3	16
Zacharia Brothers Factory	1905	Fifth	25	Hand Crafts	4	39 (planning for the next succession)	44
National company for food products	1952	Third	12	Pasta products	5	In process	18
National company for stones and marble	1998	Second	26	Stones and marble	6	10	22
A.H.N. Co for Marble Industry	1980	Second	45	Stones and Marble	3	21	30

During conducting the interviews with family entrepreneurs, a number of steps were taken. First, at the outset of each case, a rapport and mutual trust was established with the selected family entrepreneur who mainly managing and controlling the firm. The interviewees were encouraged to share their views and experiences, to provide the researcher with a deeper understanding of the issues discussed. Second, we undertook a semi-structured open-ended interview with each respondent, and the interviewer followed the guidelines developed according Yin (2003), to minimize the risk of providing inaccurate or biased data. However, the

interviews were conducted in Arabic, the official language of Palestine, at the interviewees' own offices and they lasted between 60 and 90 min. Third, secondary information (such as websites, annual reports, and projects documentation) was collected from each firm. Above all, these secondary information sources were integrated, in a triangulation process, with data drawn from the direct interviews, in order to avoid post hoc rationalization and to ensure construct validity (Yin, 2003). Fourth, all interviews were tape-recorded and transcribed verbatim generally. A second listening was conducted to ensure correspondence between the recorded and transcribed data. In addition, at this stage a telephone follow-up and e-mail communication was used with the respondents to collect further information and to clarify any inconsistent issues. Fifth, the interviews at each firm followed a similar procedure. The entrepreneurs were first asked to describe their business in general, including demographic information such as age, size and industry, historical information, information on the family generation leading the company and the succession stage, then to explain their experiences in networking, as they did. Finally, when main issues of the interview were touched on, other short questions such as “could you describe this? How? Why?” were posed to go deeper into issue

Data Analysis

After information had gathered through the case studies we followed a structured process for data analysis, made up of a preliminary within-case study, an explanation-building investigation, followed up by a cross-case comparison. These structured procedures for data collection and analysis, as well as the use of the semi-structured interview guide, helped enhance the reliability of the research (Yin, 2003).

In the data-ordering phase, a detailed case history of each firm was drawn up, based on interviews and written documents. As Pettigrew (1990) has noted, organizing incoherent aspects in chronological manner is an important step in understanding the causal links between events.

In the data analysis phase we analyzed the data according to the following steps. First, as Eisenhardt (1989) suggests we started data analysis by sifting through all the data, discarding what is irrelevant and bringing together the elements that seem most important. Wolcott (1990) argues that the key to qualitative work is not to accumulate all the data that one can, but instead to identify and reveal the essences with sufficient context to allow the reader to understand the situations in which the individuals are immersed. Second, we iteratively analyzed the qualitative data by moving back and forth between the data and an emerging structure of theoretical arguments that responded to the theory questions presented above (Locke, 2001; Miles & Huberman, 1999). Third, the collected information was manipulated before being analyzed by applying data categorization and contextualization techniques (Miles & Huberman, 1999). In addition, checklists and event listings were used to identify critical factors related to the research questions (Miles & Huberman, 1999). We used different categorizations to search for similarities and differences between the cases by creating several partially ordered matrices (Miles & Huberman, 1999).

Case analysis and Discussion

The purpose of this exploratory study is to shed useful light on according to how entrepreneurial networks change across generations within family firms, and how succession in family firms affects the entrepreneurial networking development process. Upon doing so we

should grasp how networking development process works in the contemporary generation, then we should identify through what networking process was working in previous generation, thereby, we will be able to compare how the whole networking development process works before and after succession in family businesses. Also we try to understand by virtue of what and why such changes in entrepreneurial networks take place through transgeneration. However, the present study suggests several important findings which we represent in four sections: in the first section we consider how family entrepreneurs of the current generation in case firms manage, develop and sustain their entrepreneurial networks. Then, we explain how those entrepreneurs evaluate and perceive their fathers' entrepreneurial networks. Thereafter, we clarify how succession influences the entrepreneurial networking development process. Finally, we discuss how and why the family entrepreneurs from second and subsequent generations adapted, developed and changed in their fathers' entrepreneurial networks.

1- Current Generation Networking Process

In this section we demonstrate how family entrepreneurs in case firms develop, manage and sustain the entrepreneurial networks over the time with considering the current generation in the case firms with general outlook and with exclusion of transgenerational issues at present and to be discussed in upcoming sections.

Table 2: how current generation develop, manage and sustain the entrepreneurial networks

The firm	How the entrepreneurs develop, manage and sustain their networks	Personalized examples
A -	The family entrepreneur in the Firm A seems highly proactive in networking since he has specific goals and action plan. His networks are characterized by diversity and	Networking is crucial for us especially after we engaged in new businesses like a hotels industry. Therefore, I used to frequent domestic and international trade exhibitions in addition to attend as much as possible social,

	<p>flexibility. Moreover, he indicates a selective attitude as he connects with the key important people in the society. He also considers as business oriented rather than social oriented to network ties. Finally, the adaptation in his network is a continuous process happens according to business needs and developments.</p>	<p>political and economic events. Our network size has been getting larger since spent a great part of my personal time in networking, particularly with Key people in business, government and public figures. I always try to find common ground with them to maintain smooth and long lasting relationships. But, sometimes there is a need for doing some changes in our network, especially when we don't have common language or when our interest happen to be not matched.</p>
B -	<p>The entrepreneur in the Firm B and his brothers expand and develop their networks usually in naturally way, but they became more active when their needs were getting changed. The social networks and business network are both important for them with some advantage to business networks. Lastly, the adaptation in their network subjected to the business challenges and needs.</p>	<p>We mainly extend our network size through our existing network's members, for example, we use business partners to connect with other targeted business partners. Networking is very important for us, usually we do it in a natural way during the normal circumstance and extensively when our needs are getting changed, for instance when we have started establishing our new business we raised our attention to networking. Networking modification is a continuous and slow process for us, for example when some business partners tried to change some dealing terms we were obliged to drop them and find others.</p>
C -	<p>The entrepreneur here has static network, as he sees no argent need to adapt or to extend his current networks. He just tries to maintain the same network since he is satisfied with. Moreover, he is mainly depends on business ties more than social ties.</p>	<p>We are satisfied with our present network, and we do not see an argent need to change or even extend our network, during the previous years we were doing a lot of changes and adaptations until we achieved a perfect network that just we are just trying to maintain. However, if our needs get changed in future, we are ready to develop our networks carefully and gradually. Most of our relationships are dealing with our business partners, while social ties have less importance for us.</p>
D -	<p>The entrepreneur of the Firm D has been taking over the charge since the succession took place currently. He seems dynamic and proactive in networking behavior and he tries to reconstruct their networks for they become more suitable according to</p>	<p>Since we are in a growth phase of our business, we have realized how networking is crucial for us; therefore I do not lose any opportunity to develop and expand our network. Essentially I use my existing network members (social and business) for expanding the size of our networks. In addition I utilize my own network</p>

	<p>their needs of growth, and to meet his own vision. Also he has benefited from working outside the firm in developing their entrepreneurial networks.</p>	<p>that I built during my work away from our family business. In current stage, I have been engaged in reforming our networks, since I am taking the responsibility over the business. Hence, I dropped some of disappointed relationships and I added more appropriate relationships according to our business interests and situation.</p>
E –	<p>The family entrepreneur in the Firm E showed a proactive approach in networking, and he depended mainly on existing networks for establishing new ties. Moreover he has diverse networks with a long term perspective depending on mutual interest between network's members.</p>	<p>I consider myself as sociable person, so it is a simple task for me to communicate with people. Networking became a part of my daily life; therefore I take the advantage from any possible occasion to connect with new people. Actually, I extend my network through the current members of my network, especially friends, acquaintance and business partners. Mutual trust is crucial aspect in managing the network. From my point of view, how many relevant connections you have today the same many benefits you may get in future.</p>
F –	<p>For the entrepreneur in the Firm F trust, honesty, good reputation, and mutual interest are essential elements for developing and sustaining appropriate networks. Networking for him is a natural process which develops and amends continuously according to circumstances and the level of satisfaction. However, the entrepreneur of the Firm F is interested more in business ties than social ties</p>	<p>I believe that trust and honesty are the most important elements in order to develop and sustain a good network. However, for my standpoint networking is a matter of mutual interest, especially if you are looking for maintenance long lasting relationships. Our goodwill and reputation is our capital, therefore we find it easy to extend our network and this is what we usually do. Current business partners are a good source for connecting with other business partners, while the social networks do not play significant role in our field. The network adjustments are a matter of adding rather than dropping members from network, but actually in some occasions it is important to cut or at least to correct some disappointed relationships.</p>

Withal, we summarize Table 2 in specific important points: firstly, three out of six of family entrepreneurs in the case firms do networking proactively and purposively since networking has been primary concern for them, and they have been spending a frequent time in

networking activities with clear networking objectives and vision. On the other hand, the other three family entrepreneurs do networking in natural and unprompted way, but sometimes purposively as well. Nonetheless, in most cases the entrepreneurs became more active in networking as a response to emergent needs and opportunities, even though they had been networking naturally or passively before. For instance, when they intended to start new businesses they swelled their networking attention and activities to meet new needs and opportunities. Hence, by the time the networks have become increasingly dense. Moreover, table 2 substantiates that the most frequent mean used by family entrepreneurs for extending and up streaming entrepreneurial networks was through the existing members of their networks, without neglecting the importance for example the associations' membership and events and exhibitions participation. Additionally, Table 2 shows some key elements that are necessary for developing and maintaining suitable entrepreneurial networks in family businesses, for instance, honest and mutual trust with network's members is quite valid, also having diverse, flexible and dynamic networks are important as well. Furthermore, the family entrepreneurs included in their entrepreneurial networks both social and business ties with clear advantage to the business ties. As a regard to adapting and modifying the entrepreneurial networks, the family entrepreneurs made it clear as pointed out on Table 2 that the adaptation in the entrepreneurial networks was continuous and slow process happened from time to time according to level of satisfaction with networks members, environmental changes and emerging needs. We can conclude that networks change over time, growing, changing and developing according to the entrepreneurs' needs and the direction in which they are taking the businesses in addition to environment developments and changes. Table 2 indicates that

some entrepreneurs are more proactive than others as they do networking automatically and simply, while the others more conservative and hesitant in networking with limited size of networks. Another element which plays significant role in networking process is the “stage” in the firms’ development and the level of growth, for instance, the entrepreneur from the Firm D has been doing a lot of improvement and adaptation in his networks since his firm experienced a rapid growth period, furthermore Firm A and B also are more active in the present period as they extending their activities to new businesses. Lastly, one important question was asked to the entrepreneurs during the interviews concerning their level of satisfaction of current size and quality of their networks, the average level of satisfaction was approximately 75 %, which points out that networking development process is continuous and revolving process. Another question was asked to the family entrepreneurs about their feeling of purposive behavior in networking; the most respondents said that purposive networking was not just from our side but also from other network’s members. Actually when they need us they are able to find us, it is matter of reciprocity to all members within the network. Moreover, when we become good friends nobody thinks who benefits from the other.

2- Networking Process in Previous Generation

In this section we discuss the networking process in previous generation by clear up fathers’ networking behavior and practices in managing their entrepreneurial networks from their sons’ perspective. From analysis of our empirical evidence, we find that in most cases, the current family entrepreneurs had almost the same point of view about their fathers’ networking practices and performance. On the first hand, the common opinions expressed by the current

entrepreneurs suggested that previous generation had limited size, static, and uniform networks, that was clear in the firms A, B, C, D, and E for instance, the following statements made by three family entrepreneur during the interviews directed toward understanding pre-succession networking process:

My father had limited and small in size network as he did not pay a lot of attention for networking. Furthermore, he kept the same connections with the same people from long time.

My father's network had been limited in size and diversity since that was continuing for a long time with same business partners. Honestly, my father's network missed the proper size and quality of network ties, and that what I had changed it later.

The father had a small, fixed and inflexible network, for instance he was against receiving any financial facilities, and therefore his relationships with financial institutions were at minimum.

Moreover, he was very strict and hard in getting with his business parents, which caused a restricted network. He was risk avoider and not socially active which influenced on his capabilities in networking.

The other family firms went in the same direction, therefore, we can conclude that the previous generations have been characterized by small and limited networks size, until they did not recognize the importance of networking development process, and also they had not found an argent need for networking since their businesses were doing well at that time. Moreover, the entrepreneurial networks in previous generations were more static networks rather than dynamic and were more uniform rather than diverse, as fathers were relaying mainly on a few strong relationships with same people from almost the same background for long lasting trustful relationships.

On the second hand, the entrepreneurs in all case firms hold almost the same idea about their fathers in term of the nature of relationships that link the firm with its network's members. In other words, they see that their fathers were involved in personal and informal relations with network's members. Certainly, their relationships were relying basically on friendship and mutual trust between all network's members with scarcity of professionalism relationships. We can touch that from family entrepreneur of Firm E who put it as follows:

My father has had personal, informal and unprofessional relationships since his network constructed on base of the reputation and families' names. His relationships had managed on basis of mutual trust between the network members. For instance, the business contracts with business partners were oral agreements and word of mouth was considered as contract.

The managing director from the Firm C also expressed similar point of view about his father:

It is hard for me to remember all details because I took over the business from 39 years. I remember that there were a Limited number of customers and suppliers in my father's network. The demand was high and supply was low, so business partners were looking for us. My father had friendship and informal bonds with his partners based on personal mutual trust and honest.

In the line with previous examples the entrepreneur of family Firm F explained:

My father quite different from me, he had a personal and informal relationships mainly friendly and strong relationships relayed on mutual trust.

The findings analysis also have shown that prior generation has had a short term perspective for networking since in most cases the prior generation was maintaining limited number of relationships for a long time without specific plan for extending their networks, for instance the entrepreneur in firm D said:

My father have had a short term perspective in networking process since he was connecting with the same network's members for a long time without change, actually he was a change resistant, even he was a socially active and well known person.

As we have already seen from the above examples, also from other cases which share a similar line, we suggest that the previous generations had almost similar mentality, behaviors and practices in managing their entrepreneurial networks. However, we can summaries the most common features and behaviors of previous generation in networking as: (1) they had limited and small size of networks; (2) their networks were uniformed and static; (3) they relayed generally on personal and informal relationships (4) their relations with network members were depended first and foremost on friendship, honesty, and mutual interest. Withal, these findings seem logical especially if we take in our consideration that prior generation had different business and social environment where the open, honest, confidential and social nature of entrepreneurial networking dominated. In addition, the business environment is quite dissimilar from now, for instance, the competition was not raged as now; also the scope of businesses was smaller, thus the need for networking was less crucial for them than for present generations.

3- Pre- and Post- Succession Networking Process

In the first and second section we have discussed with details how networking process was working in previous generation and how it works in current generations of family firms. Thus, now we are able to compare the two generations in order to answer first research question:

how and whether the succession in family firms affects the entrepreneurial networking development process.

Table 3: networking process pre and post succession

Variable	Pre- succession (prior generation)	Post-succession (current generation)
Proactiveness	Generally networking passively	Generally networking Proactively and naturally as well
Formal vs. informal relationships	More informal relationships	More formal relationships
The nature of relationships	Personal and trusty relationships	Professional and objective relationships
Networking Diversity	Generally uniform networks	Generally diverse networks
Networks Sizes	Limited in size networks	Larger size networks
social ties vs. business ties	More socially oriented	More business oriented

But before all, we should make a comparison to understand how networking process differs before and after succession in family firms.

Table 3 shows the key differences of networking process Pre- and post-succession. All the same, from Table 3 we find that networking process before succession is quite different from networking process after succession, this is an evidence that the networking development process is influenced by succession in family firms, in other wards when the new generation takes over the family business there is a high probability that successor will carry out some changes on construction, shape and direction of the entrepreneurial networks. However, these potential changes are disparate according to each firm's circumstances and entrepreneur's perception and how many years have passed after succession. In order to understand how succession influences networking development process, we detail the most prominent elements of networking that cause the contrast of networking process Pre- and post-

succession. Firstly, networking proactiveness is one of vital differences between the two generations in networking process. The present study suggests that in most cases the family entrepreneurs from previous generation had been passively searching for new networking ties since they did not exert a lot of effort in this process, and at best they networking naturally, while the present generation has shown proactive level of networking in the half of the cases and the entrepreneurs in the remain cases are networking naturally and purposively as well. Hence, we can conclude that current generation after succession more proactive than previous generation in searching for new network ties. This is consistent with [Hite and Hesterly \(2001\)](#) who argue that network shifts from being path-dependent (reliant on history and chance) to one that is more proactively or intentionally managed by the entrepreneur. Another important element that makes the difference pre- and post- succession is the nature and the shape of relationships between the entrepreneur and his network's members. As shown in Table 3, the nature of relationships in prior generation was characterized by personal, informal, and friendship connections which were based basically on the mutual trust and personal rapport between network's members. In contrary, the new generation in case firms, seems generally more formal, objective and professional in its interaction with network members. As regard to the scope and diversity of the entrepreneurial networks, Table 3 illustrates that, the entrepreneurial networks are characterized by limited size and uniformity before succession in contrast to the entrepreneurial networks after succession that seemed larger in scope and more diverse, that was clear in all of the cases in present study. Finally, both generations are interested in social and business ties, but, without reason to doubt family firms in present cases are more socially focused to networking before succession, while the same firms become more

business focused to networking after succession. This is consistent with [Lechner and Dowling \(2003\)](#) in their case research which shows that social and reputational networks decrease in importance over time, while the importance of co-operative networks is increasing.

Accordingly, we can relevance these differences in networking process per- and post-succession to various reasons, for instance, when succession is taking place in family firm the successor will take over the managerial control and the incumbent will relinquish the responsibility. Thus, different people have different perceptions, knowledge and experiences, therefore the new generation necessarily will impose his vision and imprint on the entrepreneurial networks in the family firm. However, the attitudes and behaviors of family businesses can vary throughout the generations ([Swinth & Vinton, 1993](#); [Welch, 1992](#)). Additionally, there is a variation in the attitudes, qualifications, and information availability which have impact on how, with whom and in which way should the entrepreneur connect and networking. Nevertheless, how and with whom the family entrepreneurs do networking varies through generations. For example, in current study the new generation seems more awareness to the significant role of networking process for their firms while the prior generation was less aware. Furthermore, this difference corresponds to the needs, opportunities and challenges that each generation faces ([Gersick et al., 1997](#)), which can take different forms with different features at any given time, and also push for new ways to do things. Therefore, entrepreneurial networks are exposed to adaptation and changes as will response to emergent needs, opportunities and challenges. Lastly, the internal and external environment plays curial role in networking process, for instance, as the markets are dynamic and chameleonic, what requires

from family entrepreneurs to carry out incessant developing and adaptation on their entrepreneurial networks in order to survive and success.

4- How and Why Entrepreneurial Networks Develop, change and are Adapted Over Generations.

In the last section we answer the most important question in present study: how and why entrepreneurial networks develop, change and are adapted over generations? The empirical evidence that we collected provide clear explanation to this question. In the first part, we answer the question “how” the family entrepreneurs develop, change and adapt the entrepreneurial networks by presenting examples from our cases as shown in the following Table. The current study suggests that, the new generation has the propensity to include several changes on their father’s entrepreneurial networks after succession as shown in Table 4.

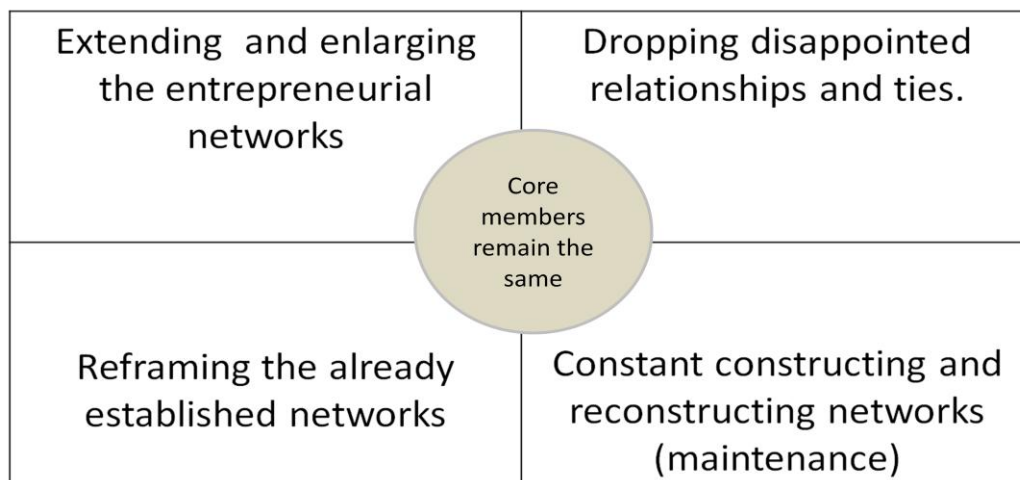
Table 4: how family entrepreneurs develop, change and adapt their father’s networks

Firm	How family entrepreneurs develop, change and adapt their fathers’ networks: Personalized Examples
A	I learned many things from my father and we had many things in common, sometimes I thought myself a copy of my father, but in networking I have more awareness than him. After I took over the business, I maintained the most important members of father’s network, the main changes that I did was to extend the scope of the network. Hence, I could double the sphere of our network in couple of years. On the other hand since I was working for a couple of years outside the family business before joining our family business I had utilized these relationships and ties in our business. Moreover I dropped few partners who were not proper for our business, while I did some adjustments on some of partnerships conditions.
B	Developing, strengthening, and extending the father’s network has been our goal after succession we did not remove any of father’s partnerships we just made some adaptation on rules of the relationships. Now we are just trying to continue extending our network size in order to match our existing and emergent needs.
C	Generally, the main change that I did was enlarging the size of previous generation network by adding new members; on the other hand the core members remained the same after I inserted some modifications on dealing terms with them. The extent of

	change and adaptation is subjected to the changes in business environment and to challenges that we face, but one important thing for us is that any change has to be accomplished patiently and carefully, therefore it took us about 20 years until we constructed our perfect network that now you just strive to sustain.
D	I have dropped and added some suppliers and customers to my father's network but to limited extend since I have been taking the responsibility over the business right now, in addition, I have my own relationships and ties that I got during my work outside our firm. However, my plan is to double the size and to refine our network during the next two years.
E	Maybe my father's network was suitable that period of time, but the situation is different now. I remember when I had been in charge I did some changes on my father network after succession according to my perception and my experience in networking. After 10 years of succession just about 20% of my father's network members have remained so far. I finished some relations with customers and suppliers according to my perception to business needs and requirements also to environmental developments. For me networking is a dynamic process which needs constant maintenance to remain healthy.
F	Once I took over managerial control of family business I did different changes on my father's network, as first step I worked on expanding the network to approach our needs. Additionally, I pruned my father's network whether by dropping some improper members and amending on contracting terms with some other partners. Finally, every relationship and tie has to correspond with my approach and vision.

Notwithstanding, illustrate 1, summarizes the several ways of how the current generation did changes and modifications on the prior generation's networks. The first priority for all family entrepreneurs after they had taken over the family firm was to extend and enlarge the size of their fathers' networks by adding as much as possible new members and ties to their networks especially business partners. Moreover, the changes had not been exclusive in adding new members but also included dropping some of disappointed relationships and ties, since some entrepreneurs were dissatisfied from some of relationships and bonds in their father's networks, for example, some entrepreneurs expressed that some of previous relationships were not in a line with their business interests and needs. However, some other entrepreneurs preferred to not dropping the disappointed members rather they continued with them but

after they had reframed the relationship conditions with new settings to fit their needs and visions. Indeed, we can say that different generations have different attitudes and perceptions of how the entrepreneurial networks should be managed. Furthermore, family entrepreneurs consider networking as constructing and reconstructing process needs maintenance from time to time according to emergent needs, development and growth phase and exogenous environmental settings. Finally, the present study suggests that core members within the father's entrepreneurial networks remain the same and transferred successfully to the next generations as shown in illustrate 1.



Illustrate 1: How do sons change and adapt in their fathers' networks

The amplitude of changes and adaptations that successor might conduct on the prior generation's networks takes different forms, for example when successor becomes in charge he involves in some changes and adjustment in his father's network immediately after succession but with a limited extend according to his personal needs and vision. Then, a number of years after succession the family entrepreneur tend to introduces more amendments and changes on

the entrepreneurial networks as his experience enhances and his style of management becomes clearer. However, different generations of owners in family firm exhibit different interests, management styles, and objectives (Okorafo, 1999). Still, the environmental developments and changes play the most crucial motivation for adapting in the entrepreneurial networks especially after a period of succession, therefore we can conclude that family entrepreneurs change and adapt on their entrepreneurial networks as a response to developing and changing environment that carries challenges and opportunities. Thus, we can say that family entrepreneurs create change and as will respond to it.

In the second part we discuss “why” new generation has a tendency to perform changes and modifications on their fathers’ networks. Table 5 suggests different reasons in this regard.

Table 5: Main reasons why sons change in their fathers’ networks?

	Why the new generation change and adapt in their fathers’ networks	The Family Firms	The percentage
1	Unsatisfied with the size of networks	A , B, C, D, E, F	100%
2	Disappointing relationships	A, C, D, E, F	83%
3	The environmental developments and changes	A, C, E, F	66%
4	Different perceptions and attitudes	D, E, F	50%
5	Change in the needs and growth requirements	A, B, D	50%
6	Working outside the firm	A, D, F	50%

The most important reason that all case firms share is the dissatisfaction with the size of their fathers' networks, therefore all family entrepreneurs from present generation went in expanding their networks after they had taken over the business. Another important reason is that they were unsatisfied with some of relationships and ties that transferred to them from the previous generation. Hence, some of the entrepreneurs went to drop and finish those relationships while the other preferred to adjust on the relationship conditions and terms with retention the same members. Moreover, the environmental developments and changes play very important role as well, given that most of the entrepreneurs in case firms except firm B and D (there are almost in succession, accordingly the environment has not played significant role yet) verify that the environment is dynamic that change is rapidly, therefore, networks have not to be static but have to be dynamic in responding to environment changes. Furthermore, there is a gap between fathers and sons regards their perception and attitudes about how and with whom the entrepreneurial networks have to manage, for example, the entrepreneur in firm D said "My father has been different from me since he had a hard and inflexible approach in connecting with exist and potential business partners; in addition, now most of network members are from the new generations". Change in the needs and growth requirements are considered form half of cases in present study as an important reason why they had adapted in their fathers' networks. They gave explanation that when they extended their activities to new businesses they increased the networking effectiveness to fit the new needs. For example, the family entrepreneur from firm B told us "Since started a new business and our existing network does not approach the new situation requirements, we have activated our networking performance". Finally, the last reason why the entrepreneurs in case firms

changed and adapted in their fathers' networks was working outside the family firm. The outside working experience allows and helps the successor to gain and develop its networks that may differ significantly from the previous generation. Therefore, The entrepreneurs who had been working in other businesses for a couple of years were able to benefit from the relationships and connections that knitted there, for instance, the director in firm F mentioned "since I was working outside our firm for a couple of years, I had established my own network and when I took over the business I did fusion between my father's network and mine".

Conclusions, Limitations, and Future Research

This study has employed a case-based approach as attempt to provide some useful insight into how do entrepreneurial networks change across generation in family firms by using data gathered from six Palestinian family firms within different industrial sectors. We have chosen a case research methodology as it provided us with a rich data and allowed us to develop a rapport with the family entrepreneurs, since it was important to be able to establish some level of trust with entrepreneurs in order to gather the most valuable data we needed to address in our research question. Therefore, the current study contributes to the fields of entrepreneurial networks and family business studies. First, by studying, identifying and analyzing the specific spans of networking development processes that enact the entrepreneurial growth process with respect to generations in family firms, as it would seem networks are important, questions concerning how networks develop, change and adapt over generation remain unexplored, also responding the calls from [Hoang and Antoncic \(2003\)](#) for further research on network development processes. Second, it contributes on entrepreneurship and family firms by investigating and conceptualizing the networking process through which different generations

differ in their perceptions and in the way of handling networks. We know much less about how networking operates and changes for family firms and the impact of successive generational owners on networking processes, as well as the little research, to date, has addressed how family firms network in general. This analyzing supports the view that an entrepreneurial networking is as much about adding new and different relationships as about transforming existing relationships, therefore empirically backing case-based research in the field (Larson, 1992; Dubini & Aldrich, 1991; Lechner & Dowling, 2003). This study has both theoretical and practical implications. Hence, two key research questions were posed:

- 1) How and whether the succession in family firms affects the entrepreneurial networking development process?
- 2) How and why entrepreneurial networks develop, change and adapt over generations in family firms.

With considering to the networking process in present generation this research has found that family entrepreneurs in current generation are networking mainly in proactive, natural, and purposive way. Moreover the entrepreneurial networks in present generation are characterized by honest, mutual interest, diversity, flexibility and dynamicity. On the other hand prior generation in family firms had limited size, static and uniform networks. Furthermore, prior generation in family firms had informal, personal, and friendship relations with network members relayed on the honest and mutual trust. In addressing the first research question, present study suggests that previous generation was passively searching for new networking ties and naturally at best, while the present generation has shown more proactive level of networking in most cases and naturally and purposively other some cases. The relationships

between family entrepreneur and his network's members are characterized in the prior generation by personal, informal, and friendship relationships. These relationships and connections based basically on the mutual trust and personal rapport between network's members. In contrast the present generation seems more formal, objective and professional in its interaction with network members. Additionally, the entrepreneurial networks characterized by the limited size and uniformity before succession, while after succession appeared larger in size and more diverse. Finally, both generations are interested in social and business ties but with clear advantage to business ties, moreover, family entrepreneurs became more business focused post- succession.

In addressing the second research question, current research suggests that family entrepreneurs after had taken over the business, they sought to extend the size of their fathers' networks by adding new members and constructing new ties in their networks especially with customers and suppliers. Moreover, they tended to drop some of disappointed relationships and ties, which were transferred to them from their fathers. The network will not satisfy all of its members all of the time; therefore, the membership of the network change over time, because the members maybe are not homogeneous, they have different expectations and needs (Jack, 2010). However, some other entrepreneurs preferred to not breaking down the disappointed members instead they continued with them after they reframed the relationship terms. Furthermore, family entrepreneurs consider networking as constructing and reconstructing process which needs maintenance from time to time according to growth needs and to environmental changes. The change is reflected in the network content and structure, which constantly shifted to fit its members' needs (Jack, 2010). In general the network change

uses and captures transitions, formations and reformations in response to environment and business development needs (Jack et al., 2008). Finally, the present study suggests that core members in the entrepreneurial networks remain the same and transfer successfully to the next generation. Consequently, it is important to understand “why” such changes take place in networking development process through generations? One of the reasons is the dissatisfaction with the size of their fathers’ networks, therefore all family entrepreneurs from present generation have tried to extend their networks after they became on charge. They wanted a broader membership base, including larger, more established businesses. (Jack, 2010) In addition to dissatisfaction with some of relationships that had established in previous generation some members appeared disappointed with the quality and diversity of the network contacts. Moreover, the environmental developments and changes play a very important role as well, given that the environment is dynamic and change rapidly; thus, networks have not to be static but need to be dynamic in responding to environment changes. Network change is seen as a response to changing entrepreneurial requirements. Johannisson (1988), for example, argues that establishing and developing a business requires different contacts and different resources over time. Networks, as entities, perhaps can be seen best as a bundle of dynamic relationships, changing and process driven (Chell & Baines, 2000; Anderson & Jack, 2002). Indeed, the entrepreneurs both create change and respond to the change, the change takes place in all stages of family firm life cycle. Actually part of the change in family firms, results from changing the generation who controls the firm, on the other hand the change is result of changing in the environment. However, these differences between fathers and sons or between generations belong to discrepancy in their perception and attitudes about how and

with whom the entrepreneurial networks have to be managed. Also inasmuch as the new generation were shown as more qualified, more educated, better prepared, and more explore to information. Nevertheless, emergent needs and growth requirements play crucial role in developing, changing and adapting in prior generation's networks. Finally, working outside the family firm affects on how the entrepreneur has networked and changed existing networks since he was trying to benefit from the relationships and connections that had already created.

Regarding the possible limitations of the study, these include the relatively small number of investigated Palestinian family firms from manufacturing sector, also these firms were not randomly selected and the duration of some of the interviews was limited. In addition, using the approach as semi-structured interviews doesn't permit always the interviewees to express fully themselves hence limiting the data collection. Moreover, the collection of data is subject to the memories of the entrepreneurs and the inherent biases and memory lapses in recalling past experiences, especially some firms which had passed succession since many years. Furthermore all interviewees had been from current generation since it was impossible to interview the entrepreneurs from previous generation because most of them had died while the others were in bad health conditions that do not allowed them to participate in such interviews. Thus, the results may have limited generalizability.

Although our research provides an empirical contribution to the topic of entrepreneurial networks and family firms there is an abundance of scope for a further research to gain deep comprehension of how entrepreneurial networks works change and develop in family firms. We believe that more development-oriented and detailed network studies are needed to enhance our understanding of the complex development processes of entrepreneurial networks. The

study offers that the important finding could be used for further quantitative testing, since the findings of this study are not widely generalized due to the methodological circumstances. It is our expectation that our research will motivate other scholars to pursue additional research in this area. Also, it is important to check the validity of our implication for other industry sectors of the economy, and also further research is needed to look at other different business sectors like services. Moreover, a similar kind of a study could be conducted in some other cultural contexts. Finally, our scrutiny is setting limits the case firms to family-owned firms. Although this approach has the advantage of a specific focus, one would clearly wish to take the research into broader contexts. Therefore, there is a need for comparative studies between family firms and nonfamily firms.

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ARTICLE3

The Internationalization of Family and non-Family Firms: a Developing Countries Perspective

“By Nidal Darwish”

Abstract

The last decades have been characterized by an increasing attention on the internationalization of family firms. Investigations at the individual, team and organizational levels have been done with a scarce attention to the context. Especially the difference between developed and developing countries has been an under-researched topic. Drawing on the Uppsala Model of internationalization and through multiple case studies, this study investigated to what extent internationalization processes differ between family and non-family firms in developing countries. The main findings suggest that the differences between family and non-family firms in terms of internationalization process are minimal, whereas there are a plethora of similarities in the internationalization process of developing countries. In addition, the findings showed that the internationalization process of business firms in developing economies has some unique characteristics and that these characteristics take different forms. For example; psychic distance does not play a major role in foreign market selection; exports are considered as the main foreign market entry mode in the both short and long run; the selection and

expansion in new international markets are an unstructured and random process; learning process about international markets in the firms of developing economies is slow; and finally liability of outsidership seems to be more robust in developing countries' firms.

Keywords: *internationalization, international business, family firms, developing countries, Uppsala Model.*

Introduction

Family firms play a major role in leading economic development and growth throughout the world. Family firms can be defined as “a firm where the family owns the majority of stock and exercises full managerial control” (Gallo & Sveen, 1991, p. 182). Although, family businesses have traditionally focused on domestic markets, they increasingly find themselves obliged to get internationalized, in order to survive in a market that is becoming more globally competitive. Even though the internationalization is considered as the most complex strategy that any firm can adopt, it has many advantages in for the long-term competitiveness of family firms (Claver, Rienda, & Quer, 2008). For instance, it allows the organization to have an access to a larger market, achieve economies of scale, diversify risk, or simply avoid competitive disadvantages (Gallo & Sveen, 1991). Beamish (1990, p.77) defines internationalization as the “process by which firms both increase their awareness of the direct and indirect influence of international transactions on their future, and establish and conduct transactions with firms in other countries.” However, family firms are usually at a disadvantage when accessing resources

and capabilities. For example, they have financial difficulties (Chittenden, Hall, & Hutchinson, 1996; Friedman & Friedman, 1994; James, 1999); they tend to have a conservative attitude toward risk (Ward, 1998); they have a lack of managerial capabilities (Graves & Thomas, 2006, 2008) and finally they have a lack of bridging network ties (Graves & Thomas, 2004). The internationalization of a family firm is developing into a significant research area (e.g. Sciascia, Mazzola & Astrachan, 2010). Despite the growing body of knowledge on family firm internationalization, this young field of inquiry is still seeking for conclusive knowledge.

Here are several differences between the internationalization of family and non-family firms; one may be that there will be in the selection of target foreign market (see e.g. Davidson, 1983; Ojala & Tyrvainen, 2007). Generally, family firms start their internationalization with exporting activities into countries with low psychic distance, and then incrementally, as knowledge and resources accumulate, expand into more remote markets (Claver et al., 2007; Kontinen & Ojala, 2010b; Olivares- Mesa & Cabrera-Suárez, 2006). Furthermore, Gallo and Estape (1992) found that family firms tend to be slower in the internationalization process in the short-run compared to non-family firms, but in the long-run to a similar degree. That can be expounded according to Pukall and Calabrò (2014) by the reluctance of family managers to build up relationships in foreign networks and the higher levels of knowledge that are necessary for family firms before committing to international markets. However, family firms tend to choose foreign market entry modes that do not threaten their independence and maintain control over the firm, therefore, export is the most popular form, strategic alliances and joint ventures seem to be avoided. This aloofness is turned around when the involved partner is another family firm, because of shared values concerning trust, loyalty, and continuity (Pukall & Calabrò, 2014).

Moreover, Tsang (2002) has discovered that family firms had the most unstructured internationalization process, whereas non-family ones had more strategic processes. From the vantage point of networking, family firms do not form networks as easily as non-family firms (Kontinen & Ojala, 2010a). What is more, prior research on family businesses has found that family firms, compared to nonfamily ones, exhibit lower levels of international diversification (Gomez-Mejia et al., 2010) and have less capabilities for internationalization (Fernandez & Nieto, 2006; Graves & Thomas, 2006, 2008). However, Pukall and Calabrò (2014) suggest that the influences of family ownership on different aspects of internationalization such as the type of market entry, internationalization speed, or degree of international sales are highly inconsistent. Till now there is no agreement on the effects of family ownership on the internationalization process, for example, Zahra (2003) supports a positive impact, while Fernandez and Nieto (2005, 2006) suggest a negative effect on internationalization of family firms, other scholars find no difference between family and non-family firms (e.g., Cerrato & Piva, 2010; Pinho, 2007). In view of that, the first goal of this study is to explore whether and to what extent the internationalization behaviors and processes of family firms are different from non-family firms in developing countries.

This study makes an attempt to explore and investigate the internationalization of family and non-family firms in the context of developing countries where the firms often lack sufficient resources, including financial, managerial and technological resources in comparison with developed countries (Zhu et al., 2007). In fact, the contexts of developing economies vary from those of developed economies in a number of dimensions including the fact that markets are less stable and efficient due to less transparency, more extensive information asymmetries, and

higher monitoring and enforcement costs; and that risks and uncertainty are high (Xu & Meyer, 2013). Therefore, such features imply that some of the assumptions of existing theories may be less appropriate for developing economies. For example, many recent studies have utilized good theory extensions of existing theory, but most of them are still based on existing theories from the mature Western economies (Kiss, et al., 2012). However, developing countries have received little attention from researchers and to date only limited researches have been conducted directly in this context. Accordingly, there is a prompt need to develop an understanding of family firms in developing economies and to expand the literature on family firms' internationalization to include different cultural settings (Bruton, et al., 2008). The main benefits of studying emerging economies to academia are not only in the better understanding of such economies (Bruton et al., 2008), but the inclusion of developing economies as unique environments offers the potential to expand and revise our theoretical understanding of family firms in particular and entrepreneurship in general (Bruton et al., 2008; Kiss, et al., 2012). Consequently, the current study is an attempt to answer the following research question:

How, whether and to what extent the internationalization behaviors and processes of family firms are different from their non-family counterpart in the context of developing countries?

Indeed, to address this research question, we need an appropriate theory to explore the distinct features and processes of the internationalization of family and non-family firms in developing countries. Hence, we chose traditional Uppsala Stage Model Johanson and Vahlne (1977) and the revised 2009 Uppsala Model Johanson and Vahlne (2009) as main theoretical framework. According to Kontinen & Ojala (2010a), the studies that examined internationalization of family firms from indicated that the internationalization of family firms is

an incremental process and mainly following the Uppsala model. However, the Uppsala Model (Johanson & Vahlne, 1977, 2009) is considered as a dynamic model and has implications on iterative and cumulative processes of learning, trust, commitment building, as well as knowledge, recognition of opportunities and network position. The original Uppsala stage model (Johanson & Vahlne, 1977) explains firms' internationalization as a sequential and incremental process through which firms internationalize their operations. According to the Uppsala Model, firms first internationalize in countries where the psychic distance is low by using exports as main entry mode. When a firm gains more international experiences, it increases its international involvement by using more commitment modes as well as exports to countries that are at a greater psychic distance. Actually, Johanson & Vahlne revised and developed their traditional Uppsala Model (1977) into a new model in 2009 with some major changes in the framework. The main revision compared with the old model version is the specific focus on network and network relationships as the main drivers for firm internationalization (Johanson & Vahlne, 2009). Kontinen & Ojala (2010a) as well as Holt (2012) suggest that there is a significant research gap concerning family firms' networks in the process of internationalization and they call for further investigation into the internationalization processes of family firms to deepen the understanding on the processes of family firms' internationalization.

The core argument of the current study is that family firms in developing economies do not always follow Uppsala Stage Model of internationalization (original and revised, 1977, 2009), or at least have some different features and characteristics. Indeed, we challenge the main assumptions of Uppsala Model of internationalization process (1977, 2009) to the emerging

empirical evidence from the cases in current study to understand whether and to what extent the emerging evidence from our cases follows Uppsala Model.

The contribution of this study is twofold: First, this study contributes to the research of family business by understand the how family firms' internationalization processes differ from non-family firm that are lacking in comparative studies. Second, it attempts to enrich the original and the revised internationalization process model (Johanson & Vahlne; 1977, 2009) by exploring whether and to what extent the internationalization process of family firms follow this model as well as to confirm the validity of such a model in the context of developing economies. Moreover, the study contributes to a stronger integration of theoretical knowledge from the field of international management into family business research. According to Pukall and Calabrò (2014), Uppsala Model provides many links between international management, entrepreneurship, and family business research.

The argument of the study is developed using empirical evidence gathered through a multiple case study approach, in order to capture a deeper investigation of the phenomenon, and explanation of cause-and-effect relationships, and the identification of similarities and differences between family and non-family firms within several cases (Eisenhardt, 1989; Yin, 1994). Moreover, case studies have been the most used qualitative methodology in family business research to date (De Massis, et al., 2012). Hence, we chose six Palestinian firms, three of which are family and three non-family firms for conducting the current study.

Literature Review

The Internationalization of Family versus non-family Firms

Some studies have argued that family firm's internationalization is different from that of non-family firms (Fernandez & Nieto, 2005; Graves & Thomas 2006; Kontinen & Ojala, 2010a). Recent empirical findings by Sciascia et al. (2010) indicate that different levels of family ownership affect the internationalization of these firms. This may arise from the fact that family firms are less likely to internationalize than non-family firms (Fernandez & Nieto, 2005; Graves & Thomas, 2006) or as Gallo and Estape (1992) puts it, family firms are less prone and slower to internationalize than non-family firms. Actually, till now there is no consensus on internationalization outcome; for example, Zahra (2003) supports a positive influence, while Fernandez and Nieto (2005, 2006) suggest a negative effect, some other scholars find no difference between family and non-family firms (e.g., Cerrato & Piva, 2010; Pinho, 2007).

Even though the internationalization is considered as the most complex strategy that any family firm can adopt, it has many advantages in the long term competitiveness of family firms (Claver et al., 2008), for instance, it allows the organization to have an access to a larger market, achieve economies of scale, diversify risk, or at least avoid competitive disadvantages (Gallo & Sveen, 1991). Yet, family firms are usually at a disadvantage comparing to non-family firms when accessing resources and capabilities required for managing a growth process like internationalization. For example, they have financial difficulties (Chittenden et al., 1996; Friedman & Friedman, 1994; James, 1999); they tend to have a conservative attitude toward risk-taking (Ward, 1998); they lack in managerial capabilities (Graves & Thomas, 2006, 2008), and finally ,they lack in bridging network ties (Graves & Thomas, 2004). In addition, family

founders are usually reluctant to make changes in the organizational structures and professional management systems that favor decentralization of decision-making processes (Fernandez & Nieto, 2005).

In fact, the strategic differences between family and non-family firms take several forms for example; one may be in the selection of target foreign market (see e.g. Davidson, 1983; Ojala & Tyrvinen, 2007). In the same vein, since family firms normally take risk-avoidance strategies, one may argue that they favor countries that are culturally and geographically close, and may select low commitment operation modes (see e.g. Johanson & Vahlne, 1977; Kumar & Subramaniam, 1997) in order to protect their independence and maintain control over the firm. Therefore, export is the most popular form, while strategic alliances and joint ventures seem to be avoided (Pukall and Calabrò, 2014). Moreover, family firms tend to be slower in the internationalization process in the short-run compared to non-family firms, but in the long-run, they are to a similar degree. This matter can be explained according to Pukall and Calabrò's (2014) idea that family businesses do not regularly monitor the international market place, and that the reluctance of family firms to build up relationships in foreign networks is due to the potential loss of socioemotional wealth. The family members usually have their specific objectives, not merely to make a profit but also to preserve socioemotional wealth and the non-financial aspects of the firm that meet the family's affective needs, such as identity, the ability to exercise family influence, and the perpetuation of the family dynasty (Gomez-Mejia et al., 2007, 2010). Another difference as Graves and Thomas (2008) indicated seems to be in the fact that family firms may be more reactive rather than proactive when they recognize international opportunities. Tsang (2002) also found that family firms had the most

unstructured internationalization process, whereas non-family ones had more strategic processes. From the vantage point of networking, family firms do not form networks as easily as non-family firms do. Moreover, prior research on family firms has indicated that compared to non-family ones they exhibit lower levels of international diversification (Gomez-Mejia et al., 2010). Finally, Pukall and Calabrò (2014) suggest that the influences of family ownership on different aspects of internationalization such as the type of market entry, internationalization speed, or degree of international sales are highly inconsistent. Indeed, investigating the internationalization process of family firms as distinct entities and identifying their specific features and characteristics are crucial for developing the research field. Consequently, the current study sheds a new light on specificities of family firms' internationalization processes in comparison to non-family firms that are missing in comparative studies. In fact, the internationalization processes of family firms are under-researched, particularly, within the context of the developing economies.

The Internationalization of Business Firms in Developing Countries

The current study makes an attempt to explore and investigate the internationalization of family and non-family firms in the context of developing countries where the firms often lack sufficient resources such as financial, managerial and technological resources (Zhu et al., 2007). Developing economies differ from developed economies in a number of dimensions, including the fact that markets are less stable and efficient due to less transparency; more extensive information asymmetries; and that risks and uncertainty are high due to high volatility of key economic, political, and institutional variables (Xu & Meyer, 2013). Such distinct features imply

that some of the assumptions of existing theories may be less appropriate for developing economies. Certainly, developing countries have received very little attention from the academic inquiry; so that, to date, only limited researches have been conducted directly in this area. As a matter of fact, many recent studies have extended the horizons of existing theories, but most of them are still based on existing theories from the mature Western economies (Kiss, et al., 2012). On this basis, there is a need to pay more attention to the developing economies context in order to develop new theories as well as to expand, modify and reassess existing theories in the fields of family business and international business (Bruton et al., 2008).

To conclude, the vast majority of the research to date in developing economies has focused on China and on states in the former Soviet Union or former communist nations in Eastern Europe, and there is a total absence of investigations focused on sub-Saharan Africa, Latin America, and the Middle East. Hence, focusing on Palestine as one of Middle East countries in the current study will provide new insights into the internationalization of family firms and entrepreneurship literature which have not been investigated so far within this context.

The Uppsala Model of Internationalization (1977, 2009)

The current study draws on the internationalization process model generally known as the Uppsala model with both versions: the original Uppsala Model (Johanson & Vahlne, 1977) and the revised Uppsala internationalization process model (2009) Johanson and Vahlne (2009). It is noteworthy to mention here that Uppsala Model framework directly considers processes, networks, and capabilities of the focal firm and provides the strongest process orientation compared with the other internationalization theories. However, the internationalization

process model (Uppsala Model) is considered as a dynamic model and has implications on iterative and cumulative processes of learning, trust, commitment building, as well as knowledge, recognition of opportunities and network position. The original Uppsala model (Johanson & Vahlne, 1977) introduces firms' internationalization as a sequential and incremental process through which firms internationalize their operations. Thus, firms first internationalize in countries where the psychic distance is low by using exports as an entry mode. When a firm gains more international experiences, it not only increases its international involvement by using more commitment modes, but also, exports to countries that are at a greater psychic distance.

Almost more than 30 years later, the authors revisited their model, making some major changes in the framework (Johanson & Vahlne, 2009). The main revision in the revised Model (2009) compared to the old one is its specific focus on networks and network relationships as the main drivers for firm internationalization. However, ever since the original Uppsala model was presented (Johanson & Vahlne, 1977), a number of studies have demonstrated the role of networks in the internationalization of firms (Welch & Welch, 1996; Coviello & Munro, 1995, 1997; Chen & Chen, 1998; Chetty & Blankenburg Holm, 2000; Elango & Pattnaik, 2007; Loane & Bell, 2006). Such studies have promoted Johanson and Vahlne to revisit their original model which was introduced in 1977. Realizing that their original model needs to be developed further, thanks to clear evidence of the importance of networks in the internationalization process of firms, they put forward their new 2009 model (Johanson & Vahlne, 2009). Their goal was to develop a more general business network model for firm internationalization, meanwhile analyzing commitments to positions in business networks in foreign markets

context including learning, trust building and opportunity creation as process variables. Johanson and Vahlne (2009) clarified that the difficulties and rewards associated with foreign market entry are very much the same as those associated with domestic market entry. As they pointed: “markets are networks of relationships in which firms are linked to each other in various, complex and, to a considerable extent, invisible patterns. Hence, insidership liability in relevant network(s) is necessary for successful internationalization” (Johanson & Vahlne, 2009, p.1411). They also indicated that relationships offer firms an opportunity for learning, building trust and commitment, which are essential prerequisites for internationalization. Additionally, a number of studies according to Johanson & Vahlne (2009) have shown the importance of relationships in the internationalization process (Bonaccorsi, 1992; Erramilli & Rao, 1990; Majkgard & Sharma, 1998; Sharma & Johanson, 1987). These relationships seem to develop through social exchange processes in which the firms involved enact the relationship interactively and sequentially (Kelley & Thibaut, 1978).

Family firms in the Uppsala Model of Internationalization

The fact that family firms usually take risk-avoidance strategies (Claver et al., 2008; George et al., 2005), would lead one to expect that family firms will favor countries that are culturally and geographically close (see e.g. Johanson & Vahlne, 1977; Kumar & Subramaniam, 1997). Hence, family firms tend to follow the projections of the Uppsala Model by starting their internationalization with exporting activities into countries with a low psychic distance, and then incrementally, as knowledge and resources accumulate, expand into markets with a greater psychic distance (Claver et al., 2007; Kontinen & Ojala, 2010b). Moreover, family firms

tend to choose foreign market entry modes that do not threaten their independence (Olivares-Mesa & Cabrera-Suárez, 2006) and maintain control over the firm; therefore, export is the most popular form. However, family firms do not regularly monitor the international market place, and that the reluctance of family firms to build up relationships in foreign networks is due to the potential loss of socioemotional wealth (Pukall & Calabrò, 2014). The family members usually have their specific objectives, not merely to make a profit but also to preserve socioemotional wealth and the non-financial aspects of the firm that meet the family's affective needs, such as identity, the ability to exercise family influence, and the perpetuation of the family dynasty (Gomez-Mejia et al., 2007, 2010).

Prior literature on the internationalization of family firms reveals that few studies have dealt with the internationalization processes of family firms, particularly with considering the original and revised Uppsala model (1977, 2009) as a framework. As a matter of fact, internationalization process model provides a powerful theoretical perspective on the internationalization of family firm. However, Kontinen & Ojala (2010a) suggest that the Uppsala Model of internationalization (Johanson & Vahlne, 1977; Johanson & Vahlne, 2009) should be more extensively utilized and apply it to different cultural contexts, since it can be assumed that family firms will follow the Uppsala model of internationalization. Furthermore, Pukall and Calabrò (2014) suggest that business network view of revised Uppsala Model 2009 is valuable when investigating family firms, as these firms often enter into new networks, creating new relationships to find a position in foreign markets in relation to foreign family firms (Fernández & Nieto, 2006; Kontinen & Ojala, 2011). Pukall and Calabrò (2014) suggest that Uppsala Model provides many links between international management, entrepreneurship, and family

business and that there is a need to more theory integration and exchange between family business research and other disciplines (Moore, 2009; Sharma, Chrisman, & Chua, 1997). Indeed, the present study contributes to stronger integration of theoretical knowledge from the field of international management into family business research. Additionally, current study responds to calls from Kontinen and Ojala (2010a) and Holt (2012) for further investigating the role of family in internationalization process that has largely been overlooked in order to deepen our understanding on this domain. Therefore, the current study makes an attempt to enrich the original and revised internationalization process model (Johanson & Vahlne, 1977; 2009), by exploring whether and to what extent the internationalization process of family firms and/or non-family firms follow Uppsala Model (1977, 2009) in a bit to confirm the validity of such a model in the context of developing economies. We argue in the current study that family firms in developing economies do not always follow Uppsala Stage Model of internationalization (original and revised model, 1977, 2009), or at least have some different features and characteristics.

The Business Network Model of the Internationalization Process

As our work in the current study is mainly based on revised Uppsala Model of internationalization (Johanson & Vahlne, 2009), it is worth having a glance at the model which is called business network model of internationalization process. The model suggests as shown in Figure 2 that, there are two sets of variables: state and change, each of which consists of two categories. The first state variable category is knowledge, in particular recognition of opportunities as subset of knowledge, which is considered by Johanson and Vahlne as the most

important element of the body of knowledge that drives the process. The additional important components of knowledge include needs, capabilities, strategies and networks. The more knowledge firms have about each other, the closer their relationship will be. The second state variable category is the network position. A focal firm with a good network position enjoys a beneficial exchange with its partners. Johanson and Vahlne (2009) assume in their model that the internationalization process is pursued within a network, and that the relationships are characterized by specific levels of knowledge, trust and commitments. However, their model is based on the network view of internationalization, including aspects of social capital and international entrepreneurship. Additionally, they suggest that the internationalization process is seen as the result of opportunity-seeking efforts made by the focal firm in order to improve or defend its position in a network or networks.

Concerning the change variables, as seen in the below right-hand box of the model of Figure 2, the first change variable is learning, creating, and trust building. According to Johanson and Vahlne, the speed, intensity, and efficiency of the processes of learning, creating knowledge, and building trust depend mainly on the knowledge, trust, and commitment, and particularly on the extent to which the both sides of a relationship find given opportunities appealing, since developing opportunities are an integral part of any relationship. The other change variable is relationship commitment decisions, that is, the decision to increase or decreases the level of commitment to one or several relationships in focal firm' network. A change in commitment will either strengthen or weaken the relationship. However, the commitment decision will be visible through changes in entry modes, the size of investments, organizational changes, and the level of dependence. Such international commitments enable a firm to gain experiential

knowledge about foreign business environments such as knowledge about customers, competitors, and regulatory authorities. A focal firm usually changes a commitment because of the first state variable, for example, when it learns that an actor on the other side of the relationship is either unable or unwilling to cooperate as desired. From a network standpoint, the relationship commitment decisions revolve around developing new relationships including building bridges to new networks and filling structural holes from the one hand (Burt, 1992) and protecting or supporting the firm's existing network of strategic relationships from the other hand.

The variables in this model have an effect on each other, the current state having an impact on change, and vice versa. For example, the state variables such as "existing knowledge and opportunities" and "network position" are the basis for the focal firms' commitment decisions that lead to processes of learning, creating opportunities and building trust (as change variables), which eventually change a firm's network position and more generally the state variables, usually to a higher level (Johanson & Vahlne, 2009) . Therefore, the model considered as a dynamic consists of cumulative processes of learning, trust and commitment building.

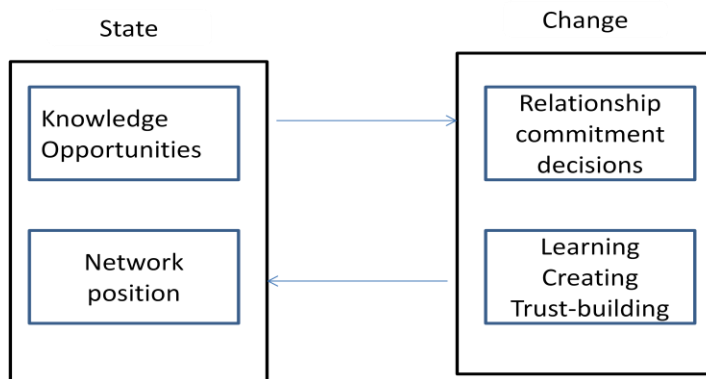


Figure 2: The business network internationalization process model (the 2009 version).

Source: (Johanson and Vahlne 2009:1424)

According to Johanson and Vahlne (2009), there are some implications of the business network model for the internationalization process. First, internationalization process depends on a firm's relationships and network. Therefore, the focal firm is expected to go abroad based on its relationships with important partners (at home or abroad) who are committed to internationalization and who have a valuable network position in foreign countries. The focal firm pursues the foreign expansion as a result of finding interesting business opportunities, because partner bases of knowledge are interrelated, and indirectly related to other members of the network, therefore, the focal firm may enter networks abroad, where it may be able to identify and exploit opportunities. Moreover, the focal firm goes abroad when a relationship partner who is going abroad, or already is abroad, wants the focal firm to follow, and by following the partner abroad, the firm demonstrates its commitment to the relationship. However, the focal firm and its partners internationalize where they see opportunities and where the partner has a strong position in a foreign market, and then may continue from

market to market, depending on the actions of the focal firm's partners. Eventually, when the focal firm has established relationships with customers, it may bypass the middleman and establish its own subsidiary.

Research Methodology

Since the present research follows the objectives of understanding how the internationalization process of family firm differs from a non-family one, it seems that a qualitative research method would be the most appropriate for the study at hand. Therefore, we adopted a qualitative approach, to address the objectives of the present study. The basic ideas of grounded theory (Glaser & Strauss, 1967) were adopted in the study because of its specific objective of building theory from qualitative data and interpretation. Moreover, it is appropriate for achieving a new understanding of the intricate details about a specific phenomenon under investigation (Strauss & Corbin, 1998, 19). More specifically, our main aim is to build a theory in area of family business and international business, to broaden the existing theories by extending and refining the categories and relationships that have been left out of the literature (Locke, 2001). However, as noted by Hall (2005) and De Massis & Kotlar (2014), there is a need in the field of family firms to qualitative research which both draws on and generates theory, because family businesses are characterized by complex relationships and interactions (De Massis et al., 2012). Furthermore, this is consistent with recent family written studies based on qualitative methods (De Massis et al., 2014; De Massis & Kotler, 2014; De Massis et al., 2013). That is why we adopted an exploratory approach in our empirical analysis. Hence, we applied a multiple case study method, similar to approaches introduced by

Eisenhardt (1989) and Yin (2003) as the present study aims at answering the “how” questions regarding a contemporary set of events over which the researcher has no control. Indeed, a multiple case study can be seen as a preferred research strategy, due to the explanatory nature of the research questions and also because it allows both an in-depth examination and the explanation of cause-and-effect relationships of each as well as the identification of contingent variables that distinguish each case from the other. The case study method has been used in several areas of international business research. For example, the “Uppsala model” which is well-known to those researching internationalization is based on four Swedish cases. However, the case study method can be applied in small countries and new research areas, for studying complex phenomena and incremental processes (Vissak, 2010). Finally, case examples can help bridge the gap between academia and industry (Simon et al., 1996). In fact, our goal is not to statistically generalize, but to examine the case carefully in order to bring out the substance of the phenomenon, which commonly reflects the phenomenon at a more general level (see e.g. Hirsjärvi et al., 1997, 181- 182). Accordingly, the case firms were selected for theoretical reasons rather than random sampling. It should further be noted that the selection of the firms for investigation were based on an overall theoretical perspective, as recommended in Eisenhardt’s study (1989). Hence, we followed Yin (1994) in selecting cases in which the phenomenon under study is transparently observable. Eisenhardt (1989) recommends that researchers select between four and 10 cases, as it may be difficult to generate complex theory with less than four, while greater than 10 can result in “death by data asphyxiation” (Pettigrew, 1990, p. 281). For this study, six internationally active Palestinian firms from manufacturing industries were selected, three of which are family and the other three non-family firms. To be

eligible as a case firm, the following criteria were taken into account: (1) the firm should be Palestinian, (2) the firm should belong to manufacturing industry, (3) three of the firms were family-owned firms, and the others were non-family firms. Consistent with the earlier literature, for instance, [Graves and Thomas \(2008\)](#) and [\(De Massis et al., 2014\)](#), we adopted three criteria to distinguish family from non-family firms. In order for a firm to be termed as a family firm, it (1) has to control the largest block of shares or votes, (2) should have one or more of its members in key management positions [\(Zahra, 2003\)](#), (3) It is perceived by the entrepreneur to be a family business [\(Westhead, Cowling, & Howorth, 2001\)](#). This definition is based on two criteria of ownership and management presented, for instance, by [Graves and Thomas \(2008\)](#), and on the notion of continuity presented e.g. by [Zahra \(2003\)](#).

A number of sampling strategies were used to select the six case firms that met the criteria outlined above. These included opportunistic, convenience, snowballing, and theoretical selection methods [\(Miles & Huberman, 1994\)](#).

Sample and Data Collection

Multiple information sources were used to gather data for each case firm. The main form of data collection was a semi-structured interview, guided by a list of topics. In the interview process, semi-structured, open-ended interviews were conducted. The approach made it possible to raise the “main” questions and then to pose further, more detailed questions [\(Yin, 1994\)](#).

Palestine was chosen as the location of my study cases, because the business environment in Palestine differs significantly from that of developed economies. In countries where the

domestic market size is small, internationalization is an important growth strategy, forming part of efforts to guarantee long-term survival (Autio, Sapienza, & Almeida, 2000). The choice of the Palestine market as the context made it possible to investigate the internationalization of family firm in a particular environment, which would be an example of developing countries due to the similarity of economic conditions in developing countries where the family firms run their businesses.

We identified a set of business firms that could potentially have been included in the study through preliminary interviews with professionals collaborating with federation of Palestinian chambers of commerce, industry, and agriculture and also Palestinian trade center (PALTRADE), which provided a preliminary list and references for family and non-family firms that have export activities from their professional networks. In order to build and elaborate on a theory, we searched for a purposeful sample of family firms. Specifically, to facilitate the theory building, we searched for a context that could serve as an “extreme case” (Eisenhardt, 1989) with dynamics that are more visible than in other contexts.

We selected a subsample of firms that met the above conditions. Among these, six firms were selected to participate in the interviews, three of which are family firms and the other three are non-family firms as shown in Table 1. The final sample included different manufacturing industries, with the firm size ranging between 20 and 600 employees with an average of 202, and the firm age ranging between 7 to 45 years since its foundation. The fieldwork was carried out over a two months period in the July and August of 2014 in Palestine, specifically in the West Bank. It was impossible to include Gaza Strip due to its complex political situation.

Table 1: Information on the Case Firms

The firm	Establishment year	Family/ non-family	Number of employees	Industry Segment	The Start of exporting
Verona (A)	2007	Non-family	50	Stone & Marble	2007
Beit Jala Pharmaceutical co. (B)	1969	Non-family	160	Pharmaceutical products	2010
Al-Reef Co. (C)	1993	Non-family	80	Agricultural products	1994
Bethlehem Star Olive (D)	1971	Family	20	Olive wood handcrafts	1994
Sinokrot food company (E)	1982	Family	300	Food	1990
Nassar Stone Investment Co. (F)	1984	Family	600	Stone & Marble	1990

In this study, we used interviews as a primary source of data, though the utility and reliability of interviews as a form of data collection is subject to scholarly debate; some emphasize the fruitfulness and underutilization of self-reports and firsthand narratives to understand subjective work experiences (e.g., Folkman & Moskowitz, 2000), while others stress the weaknesses of such approaches for the reason of the tendency of informants to adjust their responses to maintain a positive self-image and create favorable impressions (e.g., Paulhus, 1984).

The steps to be taken:

- At the outset of each case, a rapport and mutual trust was established with the selected interviewee who is mainly in charge of international affairs. This interviewee was briefed about the research project through a written project summary and a telephone call.

- We undertook a semi-structured interview with each respondent (each lasting on average between 60–90 minutes). The direct semi-structured open-ended interviews also were conducted and the interviewer followed the guidelines developed by Yin (1994), to minimize the risk of providing inaccurate or biased data.
- Secondary information (such as websites, annual reports, and projects documentation) was collected from each firm. In particular, we gathered and analyzed all the available company documents, catalogs, firm information and reports regarding internationalization activities. Above all, the secondary information sources were integrated, in a triangulation process, with data drawn from the direct interviews, in order to avoid post hoc rationalization and to ensure construct validity (Yin, 2003).
- All interviews were tape-recorded and transcribed verbatim. A second listening was conducted to ensure correspondence between the recorded and transcribed data. In addition, at this stage a telephone follow-up and e-mail communication were carried out with the respondents to collect further information and to clarify any ambiguous issues.
- The interviews at each firm followed a similar procedure. The interviewees were first asked to describe and present some information about their businesses including demographic (e.g. age, size) and historical information, then to explain their firm's internationalization history. They furthermore provided descriptive details pertaining to each foreign market entry (the date and mode of entry, proportion of export sales, business networks, etc.).

- When the main issues of the interview were touched on, short questions such as “could you describe this? How? Why?” were posed to go deeper into issue.
- Before being analyzed, information gathered through the case studies were manipulated by applying data categorization and contextualization techniques (Miles & Huberman, 1994). Then a structured process was followed for data analysis, consisting of a preliminary within-case study, an explanation-building investigation, followed up by a cross-case comparison. These structured procedures for data collection and analysis, as well as the use of the semi-structured interview guide, helped enhance the reliability of the research (Yin, 2003).
- In the data-ordering phase, a detailed history of each firm was drawn up, based on interviews and written documents, because as Pettigrew (1990) has noted, organizing incoherent aspects in chronological manner is an important step in understanding the causal links between events.

Finally, in the data analysis phase, cross-case pattern searching was used. The unique patterns of each case were identified, and similar patterns were categorized under themes related to the research questions in this study. In addition, checklists and event listings were used to identify critical factors related to determinants that could contribute to social ties in opportunity recognition (Miles & Huberman, 1994).

Findings and Discussion

The present exploratory study is meant to shed light on how internationalization process between family firms is different from that of non-family and also to understand the

particularity of internationalization process in developing economies. To this end, the present study presents several important findings in two sections. In the first section, the findings of the case-study analysis are used to illustrate the unique characteristics and features of internationalization process of business firms in developing countries, while in the second section, the way internationalization process of family firms differs from non-family counterpart will be explored. What follows is the discussion of the findings which is mainly focused on the aspects of differences between the emerging evidence and the prior literature, while the similar characteristics receive less attention. It goes without saying that as well as the discussion is based on Uppsala Model on internationalization (Johanson & Vahlne, 1977, 2009) as theoretical background. However, the process of internationalization has been adopted as our unit of analysis.

Internationalization Process in Developing Countries

The empirical evidence collected by the researcher is suggestive of the fact that the internationalization process of business firms in developing economies has some unique features and processes, and that these features and processes take different forms as figure 1 shows. Firstly, the findings suggest that international businesses in developing economies are less likely to adopt sophisticated strategies that require high commitments of resources; therefore, the main foreign market entry mode is exports in the both short and long run. However, the tendency to use the exports as a major foreign market entry mode in short run is not new and consistent with prior literature, but the fact that firms continue to rely on exports in the long run was unexpected and is not consistent with Uppsala Model that supposes when

the firm gains more international experience, it increases international involvement by using more commitment modes (Johanson & Vahlne, 1977, 2009). The following statements made by three interviewees in the course of the interviews were directed toward understanding the level of commitments in the international markets:

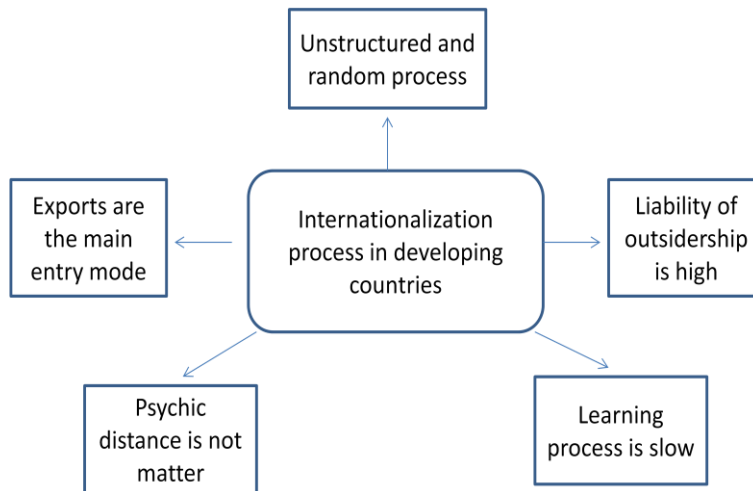
“Our investments in the international markets are on-going and still continuing and we are committed to maintain and to increase the level of investments incessantly. Actually, our current production capacities can meet our ambitious plans for exporting to new and existing international markets in short and in long run”.

Interviewee 2: “We are targeting the international markets via exports and we will continue doing so as we did not reach sufficient levels of exports and we still have untapped capabilities. However, at present we do not have an intention to shift to more commitment operational modes that may require affording more risks”.

Interviewee 3: “We will continue exporting to the international markets since our plan in short and long run is to enter into new international markets and to increase our share in existing markets, however we don’t have enough financial resources or even human resource capabilities that are necessary for managing high commitment operations”.

Drawing on the above statements, we can conclude that when international businesses do not achieve sufficient level of exports as seen frequently in developing countries, most probably, they will not move to higher commitment modes. Additionally, the firms in developing countries are lacking in financial and managerial resources that are necessary for managing high international commitment operations. Finally, most firms in developing economies are reluctant to tolerate the risks related to high commitment modes like joint venture.

The unique characteristics of internationalization process for businesses in developing countries



Second, the results show that psychic distance does not play a major role in foreign market selection for business firms whether family or non-family firms in developing economies. Indeed, four out of six cases in the current study have started their internationalization process with exporting activities into high psychic distance countries. Hence, whether the markets are at a low or high psychological and geographical distance is becoming less important. For example, the entrepreneur of firm D pointed out: *“Our products are in demand only in countries like Europe, the USA and Australia, since we produce olive wood hand crafts for the Christians in high income countries”*. Likewise, the international sales manager of firm F mentioned: *“the initial step in the international markets has started from the USA market, because we are on the belief that there is a sufficient demand for our products there”*.

In fact, this statement runs counter to the Uppsala internationalization model which suggests that firms first internationalize to countries for which the psychic distance is low and it is

possible through export and that when the international experience increases, the firm will start to export to countries that are at a greater psychic distance (Johanson & Vahlne, 1977).

Third, selection and expansion in new international markets are an unstructured and random process in developing economies' businesses, as this process is coincidental in many cases relying on means such as the existing relationships with intermediaries and suppliers as well as the participation in international trade fairs. For example, the international marketing manager of firm E mentioned: *"we have entered into the USA market by chance via the relationship that we had established with our partner in the USA market during the participation in an international exhibition for food in Dubai"*. Another example is offered by the executive manager of Firm A, who remarked: *"we have entered into several markets by means of our partner who works as an agent for us in the European markets. Actually, he is selling our products in several markets that even we did not plan to target. However, our philosophy is based on partner selection rather than market selection"*. Another example is provided from Firm D: *"we have entered into some markets that we did not plan to target, and that happened during the participation in international trade exhibitions where we could connect with some business people from around of the world, then we followed up and have developed these connections to the point that we managed to export"*. Fourth, the emerging evidence indicates that learning process regarding the international markets for business firms in developing economies is slow. This matter is most probably due to lack of sufficient resources, experiences, and management capabilities for businesses in developing countries. So, learning process about international markets for developing countries' businesses is characterized by trial and error as current case firms showed. However, learning process requires a long time and immense efforts

as businesses go through moments of success and failure till they can construct concrete knowledge and sufficient experiences. For instance, the owner of Firm D remarked: *“during the initial stages of our experience in the international markets we, encountered with numerous difficulties and bad experiences, such as losing our customers and even markets. I think we did not have adequate knowledge and skills required for exporting to the international markets”*. In the same token, the marketing manager in Firm B mentioned: *“we have started the exporting experience since four years ago. Although we failed in some markets, we have made breakthroughs in several markets. Actually, it was not easy job and we are still in the first stage of learning process”*. Another example is offered from Firm E: *“we maintain that the international preparation and building the internal capabilities before going to international markets is crucial in order to success in the internationalization process. Indeed, we lost long time and high investments learning from our mistakes, since we had started while we were not internally ready for internationalization”*.

Finally, outsidership liability seems more robust in developing countries as it is harder, time and resources consuming in order to join network or networks in the international markets. In addition, the managerial capabilities and international competitiveness are limited and negative images of the negative country of are not ineffective. However, developing economies firms attempt to overcome the outsidership liability by involving in international networking activities such as direct visits to target markets; business missions, and above all, participation in the international trade exhibitions. All cases at hand whether family or non-family firm use the international trade fairs and in particular specialized ones as a major networking means to create and develop their relationships and networks in order to overcome the outsidership

liability. They also carry out business missions and establish social and business ties for international networking. It should be noted here that the Uppsala model of internationalization does not say anything about how firms create and develop their relationships and networks, nor does it say about how they learn about international markets, while our study provides answers to such question. The following statements concerning this issue were made by three interviewees from Firms A, B, and F respectively:

Firm A: "Building our networks and relationships was not an easy job, because we had to make strenuous efforts to achieve what we have are now. However, after 7 years of experience in the international markets, we have 15 strategic partners and we export on a constant basis. We could build these partnerships basically by participating in specialized international fairs in addition to our personal ties with some suppliers".

Firm B: "The major tools which we used to build our relationships with our distributing agents in the international markets were the participation in medical exhibitions mainly ran on the sidelines of medical conferences as well as searching on the internet and direct visits to some markets. However, building relationships varies from one partner to another, but in most cases, it requires time and high investment".

Firm F: "Our firm has been exporting to international markets for 20 years during which we participated in several international trade exhibitions around the world which required high investments. In the last few years, we have been keen to participate strongly in most important international fairs every single year".

It is noteworthy to mention here that the majority of business firms in developing countries start their internationalization experience while they are not ready for this step, and their

ability to compete in the international markets is limited, therefore they go through lots of difficulties and failure cases. However, after they start to gain some experience, they begin to rebuild and improve their internal capabilities requiring high investments of resources in order to meet internationalization requirements. Indeed, this might explain why the business firms in developing countries experience slow learning process and short-term relationships in addition to high liability of outsidership and the tendency to avoid high commitment operational modes. To conclude, our discussion about how and whether the internationalization process in developing countries is different from mature economies revolves around the following propositions.

Proposition (1): Psychic distance does not play a major role in foreign market selection for business firms in developing countries.

Proposition (2): Exports are considered as the main foreign market entry mode in the both short and long run.

Proposition (3): Selection and expansion in new international markets are an unstructured and random process for developing countries firms.

Proposition (4): Learning process about international markets for developing economies' firms is slow.

Proposition (5): Liability of outsidership seems more robust in developing countries' firm.

Internationalization Process of Family versus Non-family Firms

In this section, we illustrate how internationalization process in family firms differs from non-family ones by employing our empirical evidence from our case studies. The findings of the

present study indicate that the differences between family and non-family firms in terms of internationalization process are minimal, whereas there are a plethora of similarities in the internationalization process of developing countries. This fact can be due to convergence in the conditions, capabilities, and resources between family and non-family firms. For instance, this study found that there is no impact of the ownership on the market entry mode choice, whereas all firms in developing economies start their internationalization process by relying on the exports as foreign market entry mode, knowing this result is consistent with a prior study for [Pinho \(2007\)](#). Moreover, there is no impact of ownership on psychic distance when choosing which markets to enter, where four out of six firms (two family and two non-family firms) have started their internationalization activities from high psychic distance countries. This finding is inconsistent with some prior studies which suggested that family firms generally start their internationalization process with exporting activities into countries with low psychic distance, and then incrementally, as knowledge and resources accumulate, expand into more remote markets ([Claver et al., 2007](#); [Kontinen & Ojala, 2010b](#); [Olivares- Mesa & Cabrera-Suárez, 2006](#)). Furthermore, both family and non-family firms have to some extent the same features and processes in networking and creating their relationships by using the same means ranging from suppliers, business missions, and international trade fairs. Essentially, the key differences in internationalization process between family and non-family firms are related to three variables as Table 2 shows. First, Liability of outsidership is higher in family firms than in non-family ones especially in short run as all non-family firms under study had prior connections and relationships in the international markets even before founding the business, while family firms did not. However, these connections were mainly related to some partners' previous

relationships and affiliates, for example, exporting manager of Firm A made the remark: *“we have started our internationalization experience from China since one of the firm’s partners had relationships with some suppliers in China before establishing the firm”*.

Also the marketing manager in Firm B stated: *“the first market we targeted was Algeria, because one of our affiliates was already exporting into that market. Therefore, we benefited from their relationships to start our exporting activities”*. The last non-family firm C also went in the same direction as the general director clarified: *“our first step in the international markets has started from Scotland ,since one member of the board of directors have had some personal ties which allowed us to export to that market”*.

The variable	Family firms	Non-family firms
The influence of psychic distance on market selection	Not important	Not important
The main foreign entry mode in short-run and long-run	Export	Export
Liability of outsidership	Higher in family firms	Lower in non-family firms
Internationalization speed and performance in short-run	Lower in family firms	Higher in non-family firms
Internationalization speed and performance in long-run	The same	The same
Networking and relationship building	Entrepreneur’s responsibility	Joint effort by several players

Second, the speed to the international markets as well as the internationalization performance is higher in non-family firms compared to family firms in short-run, but in the long-run, they are to similar degree. That can be explained by the fact that non-family firms have higher levels of knowledge, network positions and management capabilities (and therefore more opportunities) that are necessary for internationalization before committing to international markets, while family firms do not. In order to well understand this issue, we cite two case

scenarios from the current study; one for family firm and the other one for non-family firm. First, marketing manager in Firm A which is a non-family firm remarked: *basically, our firm was founded by a group of businessmen most of whom had experiences in the sector and the international markets, in addition to their international existing relationships. Hence, our firm was able to progress faster in the international markets by achieving good outcomes*". In contrast, the international marketing manager of Firm E which is a family firm, mentioned: *"I remember that our first steps in the international markets were unstable and slow where we have succeeded in some markets and failed in others. I think that this was due to the lack of competitiveness in the international markets, in addition, our managerial staff were not qualified enough to work internationally. However, later we could overcome all these barriers by building our internal capabilities and learning from our experiences"*. This result partially is consistent with Gallo & Sveen (1991) who suggests that family firms are slower in the internationalization process than non-family ones, as they accumulate knowledge less slowly, but they need to accelerate it in order to take the first or next step of internationalization.

Finally, we found that the decisions to create and develop networks and relationships as well as learning, commitment and trust building in family firms are related to the entrepreneur's vision and strategies, while in non-family firms, they are the result of joint efforts by several players such as board of directors, managers, employees and affiliates. For example, the international sales manager in family firm D pointed out: *"the status that we have achieved thanks to our fame as the most successful international firm in the country with large volumes of international sales to more than 74 countries originates from the owner's vision and talents, and his*

enormous international network". Given the above arguments, we can conclude this section by the following propositions:

Proposition (6): There are no significant differences between family firms and non-family firms in terms of psychic distance, foreign entry modes, and networking behavior.

Proposition (7): Liability of outsidership is higher in family firms than in non-family ones.

Proposition (8): The performance and speed of internationalization is higher in non-family firms in short run and at similar degree in the long run.

Conclusions, limitations and Suggestions for Future Research

Internationalization is considered both as a complex and a rewarding strategy for the family firms and it leaves an impact on their competitiveness, especially in the long term. Based on this argumentation, the current study makes a contribution to the fields of *International Business* and *Family Firms* in some respects. First, it answers to the calls for further research into family business networks in the process of internationalization as well as the internationalization processes of family firms to deepen the understanding on these processes (Kontinen & Ojala, 2010a; Holt, 2012). Secondly, it sheds light on specificities of family firms' internationalization processes in comparison to non-family firms that are lacking in comparative studies. In fact, the internationalization processes of family firms seem to be under-researched, particularly, within developing economies. The last, but not the least, it makes an attempt to enrich the original and the revised internationalization process model (Johanson & Vahlne, 1977, 2009) through exploring whether and to what extent the internationalization of family firms follow this model . It also makes an attempt to confirm the validity of such a model in the context of developing economies.

Drawing upon the Uppsala Model of internationalization, both original and revised versions (Johanson & Vahlne, 1977, 2009) and using an exploratory multiple case study as an empirical research strategy, the findings of our study are suggestive of the fact that family firms are partially different from non-family ones in terms of internationalization process, whereas there are a plethora of similarities in the internationalization process for businesses in developing countries. These similarities seem to stem from a convergence in the conditions, capabilities, and resources between family and non-family firms within the context of developing economies. However, the study found on the first hand that there are no significant differences between family and non-family firms in terms of psychic distance, foreign entry modes, and networking behavior. On the other hand, the study shows that Liability of outsidership is higher in family firms than in non-family ones and that the performance and speed of internationalization are higher in non-family firms in short run and at a similar degree in the long run. Furthermore, the study indicates that the internationalization process of business firms in developing economies has some specific characteristics and that these characteristics take different forms (see figure 2). These differences are as follows: psychic distance does not play a major role in foreign market selection for business firms in developing countries; exports are considered as the main foreign market entry mode in the both short and long run; the selection and expansion in new international markets are an unstructured and random process for firms in the developing countries; learning process about international markets in the firms of developing economies is slow process; and finally liability of outsidership seems to be more robust in developing countries' firms.

The matter of the fact is that the main limitation of our study descends from its exploratory nature. Since our objective is to obtain a theoretical understanding as to how internationalization process in family firms is different from non-family ones, our findings should not be generalized to any populations of companies due to the methodological circumstances. However, our study offers seven propositions for further quantitative analyses, hoping that they will encourage family business and international business scholars to examine whether the results of our analysis can be statistically generalized. This would require random sampling of family and non-family firms, and testing for the existence of any differences and similarities in the characteristics of the internationalization process as revealed by our analysis. Moreover, our data were collected exclusively in the Palestine. This may introduce a potential bias regarding the effects of family ownership on internationalization process, because Palestine has very unique political and economic circumstances as a country under occupation such that it has not even any kind of control on its borders, and as a consequence, the possibility to generalize our findings to other developing countries is limited.

Despite our attempt to fill the gap of theory integration and extension to understand behaviors of internationalizing family firms, we believe that much more needs to be done in order to deepen our knowledge about this topic. Future research should also theoretically and empirically study if our findings apply to some other environmental and cultural contexts as well as to other countries in the region, given that the economy and cultural history of Palestine are of commonalities with that of other Middle Eastern Countries. This could cast more light on the effect of the cultural context on the issue.

Theoretically, the current study draws on the internationalization process model generally known as the Uppsala model with both versions: the original Uppsala Model (Johanson & Vahlne, 1977) and the revised Uppsala internationalization process model (Johanson & Vahlne, 2009). By this translation of theory into practice, we encourage the Scholars to replicate such an study using other internationalization theories and models including International New Venture theory (Oviatt & McDougall, 1994) in a bid to elaborate on the behavior of family business “born-again global” firms (Bell et al., 2001; Graves & Thomas, 2008) and born global family firms. This could also lead to a better understanding of the speed of internationalization, given that some family firms internationalize very quickly after operating for a long time in the domestic market (see e.g. Bell et al., 2001; Graves & Thomas, 2008). Furthermore, some interesting research directions need to be further explored in order to have a grasp of to what extent the processes of learning and trust building relationships as well as network position and the knowledge are of importance in the internationalization process of family firms. By the same vein, we of the belief that further investigations into the role played by incoming generations regarding the international behavior of family firms might broaden the horizons of the research domain of family businesses internationalization. Finally, future research should investigate the growth path of family firms and their timing of internationalization relative to other strategic alternatives.

Internationalization of business firms and its advantages in the developing economies are among the most paradigmatic issues on the agendas of politicians, business leaders, economists and academicians. We hope our thought-provoking study will stimulate future research on this

complex, yet important topic in international business, family business, entrepreneurship and management research.

From a managerial point of view, family entrepreneurs, owners, and managers with limited international networks are expected to concentrate on actively looking for new networks and relationships, which can provide them with novel and valuable information on international opportunities. However, despite the fact that family firms in developing countries may face some unique difficulties and barriers in their internationalization process which are not shared by the businesses in developed economies. Such problems as negative country – of origin image or lack of competitiveness could be overcome by participating in several networking activities (e.g., trade fairs, business missions and international conventions).

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