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Influence of the lack of a standard definition of "family business" on research into their international strategies☆☆

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ABSTRACT

Research into the internationalisation strategies of family businesses is plagued by the excessive use of many and varied concepts to define these companies, and often leads to diverse and disparate results. The conceptual spectrum used by researchers is very broad, ranging from the simplest definition, in which a company is classified as a family business on the basis of the perception of its owners and/or managers, to others which consider variables such as ownership, management, involvement of the family in the business, continuity and combinations thereof. The results obtained highlight the need for those researching family business internationalisation strategies to use a standard definition of family business, so enabling us to continue advancing in our knowledge of this topic and avoid coming to different conclusions merely as a result of having based our research on different definitions.

1. Introduction

One family business (FB) research line stems from the need to adopt a single general criterion to conceptualise such enterprises. This would ensure that the concept used in the different studies of these companies does not condition the results obtained.

Related to the foregoing, research conducted on the internationalisation strategies of such companies (Kontinen & Ojala, 2010a) also shows that excessive use is made of multiple and varied concepts of FB, often resulting in disparate and diverse results (Arregle, Naldi, Nordqvist, & Hitt, 2012). The conceptual spectrum used is extremely broad, ranging from the simplest conceptualisation based on the owners and/or managers' perception of the family or non-family nature of the business to other concepts that employ variables such as ownership, management, commitment or continuity and combinations thereof. Thus, when studying the internationalisation strategies of family firms there is a need to make more coherent use of definitions of FB or to enhance the concept to be able to describe different types of family businesses (Kontinen & Ojala, 2010a).

The research objective of the current study is to examine whether the concept of FB researchers use influences the company's international commitment (IC) once it has opted to embark on international development (ID) compared to that of non-family businesses (NFBs).

Following on from this introduction, this paper includes a literature review on the concept of FB employed in studies that analyse the internationalisation strategies of these companies. This is followed by a description of the empirical study and the results obtained. The final section presents the main conclusions and the academic and managerial implications.

2. Diversity of FB concepts in the study of international strategy

Family businesses are among the most important contributors to the creation of wealth and employment in economies all over the world, and they range from small enterprises serving the neighbourhood to large conglomerates that operate in multiple industries and countries (Ramadani & Hoy, 2015). Thus, defining the FB is a complex issue because its key components represent the interaction of the family and business systems (Chua, Chrisman, & Sharma, 1999), to which some researchers add

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Table 1
Criteria used to define family businesses.

Definitional criterion	No. of occurrences	Frequency (%)
Ownership	98	79
Management	66	53
Directorship	35	28
Self-identification	19	15
Multiple generations	11	9
Intra-family succession intention	9	7
Total	238	100

Source: Ramadani and Hoy (2015)

ownership (Lansberg, Perrow, & Rogolsky, 1988; Donckels & Lambrecht, 1999). Others consider the individuals system as a key element of this interaction (Habbershon & Williams, 1999; Habbershon, Williams, & McMillan, 2003; Klein & Kellermanns, 2008). However, none of the definitions of FB from the literature has been broadly accepted (Sharma, 2004), and authors such as Brockhaus (1994) and Littunen and Hyrsky (2000) claim that there is no broadly accepted definition of FB. This argument is supported by Astrachan, Klein, and Smyrnios (2002) and Chua et al. (1999), and is surprising bearing in mind that the study of family businesses as an independent academic discipline dates from the 1990s (Bird, Welsch, Astrachan, & Pistrui, 2002).

This lack of unanimity about the definition of FB makes it difficult to compare studies (Ramadani & Hoy, 2015) and to determine the boundaries of the field of FB research (Hoy & Verser, 1994). Ramadani and Hoy (2015) identify the criteria most often used to define family businesses (see Table 1).

Some additional information should be pointed out about the above table. First, several authors combine some of the criteria cited to define FBs, which makes the percentages sum to more than 100% (Ramadani & Hoy, 2015). Second, these authors do not consider the involvement criterion, which Zahra (2003) sees as unique to family businesses. Involvement not only gives family members the information to commit to a course of internationalisation but also the knowledge to evaluate the merits and outcomes of this strategy. And third, a number of criteria–multiple generations, intra-family succession intention and the existence of family members being trained to take up a job in the business in a short period of time–can be integrated into a single criterion called continuity (Vallejo, 2005).

On the other hand, focusing on the FB internationalisation strategy literature, Kontinen and Ojala (2010a) pinpoint among the variables most frequently used to conceptualise this type of firm the combination of ownership and management, coinciding with Gallo and Sveen's (1991) findings. Other studies add the desire for continuity or the owners or managers' subjective perception of the family or non-family nature of the business. Kontinen and Ojala (2010a) continue by explaining how some research papers do not present any concept of FB, and stress the need to improve and unify the definition of FB to make research on the international strategies of these companies easier both to understand and compare.

Studies examining the international strategies of FBs have most often used, either individually or in various combinations thereof, the following criteria to define this type of firm: the self-perception of the company as a family or non-family business; the company's ownership by members of the same family; management by persons with family ties; generational change or desire for continuity of the company through successive family generations; and the commitment and involvement of family members in the business.

Thus, following the literature reviews by Kontinen and Ojala (2010a) and Arregle et al. (2012), Table 2 (abridged version)[1] shows how multiple and varied concepts of FBs have been used in the study of their international strategy (IS) and, depending on the definition used, how the research findings vary considerably, even to the point of becoming contradictory. For instance, whereas Zahra (2003) finds that family ownership and involvement support internationalisation because family members act as good stewards of their existing resources, Fernández and Nieto (2006) show that resources provided by corporate, non-family owners spur export behaviour in family firms, while the resources of family owners have the opposite effect. Gómez-Mejia et al. (2010) also find that FBs exhibit lower levels of internationalisation to avoid loss of their socio-emotional wealth. And Sciascia, Mazzola, Astrachan, and Pieper (2012) find an inverted U-shaped relation between family ownership and international intensity. All these various research studies were conducted on the basis of different definitions of FBs (see Table 2).

We should note from the table how there are significant differences in the results obtained when using a less restrictive definition (i.e., self-perception) and a more restrictive one (e.g., ownership, management, involvement and continuity). Strategic behaviours and performance may differ, not only between family and non-family firms, but also among family firms with different attributes (Melin & Nordqvist, 2007). The theoretical assumptions to study the international strategy of FBs differ greatly in each study, as seen in the variety of conceptual frameworks used: international entrepreneurship; agency theory; stewardship theory; resource-based view of the firm; stages models of internationalisation; networking approach, and so on. Thus, different theoretical frameworks are useful to understand organisational processes and outcomes in family firms depending on the type of family firm considered (Arregle et al., 2012).

Whereas the same definition of FB has been used to analyse several important issues within their international strategy, authors have also deployed different definitions of FB to study the same aspect of their international strategy, which makes the results of comparisons nonsensical.

In this line, Piva, Rossi-Lamastra, and De Massis (2013) and Westhead and Howorth (2006), for instance, differentiate between family and non-family businesses using the self-perception criterion combined with the need for at least 50% of the company to be controlled by at least two members of the same family. However, whereas Piva et al. (2013) conclude that FBs in technology-intensive sectors have a greater chance of continuing their internationalisation strategies than NFBs, Westhead and Howorth (2006) find that firms with CEOs drawn from the dominant family group owning the business were less likely to be exporters.

On the other hand, self-perception as a family or non-family business may not be a sufficient criterion for determining this aspect. First, family businesses are often associated with small and medium-sized companies or even so-called craft and micro enterprises, and family businesses are hardly ever associated with large companies (Vallejo, 2007). Thus, a manager might consider the family nature of his or her company based exclusively on its size. Second, non-family firms might wish to imply that they are family businesses to be perceived as being more trustworthy and offering a stronger commitment, image and/or reputation, true strengths that characterise family businesses (Poutziouris, 2001). And third, family firms may not wish to reveal their true nature to conceal certain weaknesses often also associated with family firms, such as lack

[1] The full version of this table is in the supplementary material.