

Internationalization propensity in family-controlled public firms in emerging markets: The effects of family ownership, governance, and top management

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ABSTRACT

Internationalization propensity is a growing issue faced by family firms. This study contributes to the family business literature by developing a conceptual framework that can identify the family and managerial determinants that affect the extensiveness of internationalization. Drawing on the socioemotional wealth and upper echelon perspectives, it empirically examines the association among family heterogeneity (i.e., family participation is heterogeneous in terms of ownership and governance oversight), top management team (TMT) heterogeneity (i.e., the TMT's background is heterogeneous in terms of its overseas education and industry experience), and internationalization propensity in publicly traded enterprises. The analysis of data collected from 105 public firms in Taiwan shows that active family participation in ownership and governance oversight and TMT overseas industry experience heterogeneity are significantly and positively associated with internationalization propensity. However, family ownership is found to be significantly but negatively associated with internationalization propensity. We finally discuss the implications of the presented findings for practitioners and organizational theorists.

Introduction

As the decision to internationalize is a strategic choice, the ownership and control of a firm (i.e., whether the firm is a family firm) affect international strategies differently (Banalieva & Eddleston, 2011; Zahra, 2003). Despite its importance, research on the interplay between family-controlled firms and international dimensions is sparse (Pukall & Calabrò, 2014), and studies of the effect of family influence on a family firm's internationalization have remained inconclusive (Arregle, Duran, Hitt, & van Essen, 2017). Although some characteristics may promote the internationalization of family firms (e.g., Carr & Bateman, 2009; Zahra, 2003), other factors may impede the expansion of their operations into different countries (e.g., Banalieva & Eddleston, 2011; Fernández & Nieto, 2006; Graves & Thomas, 2006).

Recent studies have noted that family firms have diverse ownership, management, and governance over-

sight (Liang, Wang, & Cui, 2014; Matzler, Veider, Hautz, & Stadler, 2015), which signifies that the active or passive involvement of family in corporate governance may influence the internationalization process and ability of family firms differently. Most studies measure family influence as a combination of ownership and management, although some assess the effect of such influence on the internationalization of small and medium-sized enterprises (SMEs) (e.g., Fernández & Nieto, 2006; Graves & Thomas, 2006; Liang et al., 2014), which typically lack management capabilities and resources and tend to adopt risk aversion strategies toward growth and international expansion.

Although family-controlled and -managed firms play an important role in the global economy (Jaskiewicz, Combs, & Rau, 2015), research suggests that family business behaviors differ between transition and developed economies (Ratten, Dana, & Ramadani, 2017; Wright, Chrisman, Chua, & Steier, 2014). *The Economist* (2015) indicates that the center of the modern economy is shifting to a different part of the world—most notably Asia—where family companies remain dominant. It also predicts that the share of family firms among large multinationals will increase from 15% to 40% over the next decade, mainly because of the

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rising number of large family firms in Asia. Such a statement means that Asian family firms are increasingly expanding overseas; however, little is known about how families influence the internationalization propensity of their businesses in emerging markets.

Moreover, although the main decision-maker for the internationalization process is the business founder/owner, such a decision will benefit from the advice of top executives such as the top management team (TMT). The upper echelon (UE) perspective proposes that the TMT acts on the strategic situations it faces and that these personalized understandings are a function of executives' experiences, values, and personalities (Hambrick, 2007). Although a TMT's power plays a key role in shaping major organizational outcomes, Carpenter, Geletkanycz, and Sanders (2004) indicate that overseas industry experience, which may affect the industry network and managerial skills of TMTs, is less explored, thus providing an opportunity to bridge the gap in the family business literature on internationalization issues.

In this study, we answer the above questions by examining how internationalization propensity (i.e., the numbers of countries in which the sample companies have subsidiaries overseas) is affected by family heterogeneity (i.e., family participation is heterogeneous in terms of ownership, governance oversight, or a combination of both) and TMT heterogeneity (i.e., TMTs' background is heterogeneous in terms of team members' overseas education and industry experience) in publicly traded Taiwanese enterprises. Publicly listed firms in Taiwan, an export-driven economy and one of the major emerging markets in the Asia-Pacific region, where more than two-thirds of public companies remain close to family direction and scrutiny (Tsai, 2013), provide an ideal setting within which to examine whether family-controlled public firms in emerging markets have an internationalization advantage owing to their concentrated ownership. A sample comprising 105 Taiwanese publicly traded enterprises is used to test how these dimensions of family and TMT heterogeneity predict internationalization propensity.

The analysis shows that active family participation in ownership and governance oversight and TMT overseas industry experience heterogeneity are significantly and positively associated with internationalization propensity. However, in contrast to our expectations, family ownership is found to be significantly but negatively associated with internationalization propensity. This study thus advances our knowledge in the field of family business internationalization in three main ways. First, as varying levels of family ownership and control are likely to serve as an important contingency in firms' strategic decisions (Arregle et al., 2017; Chrisman, Chua, & Sharma, 2005; Melin & Nordqvist, 2007), this study develops a more fine-grained understanding of family-controlled public firms in an emerging market and internationalization propensity by distinguishing between ownership and governance oversight under different contingencies. Second, through its application of socio-emotional wealth (SEW) theory, the study can explain that

if family members are actively engaged in ownership, managing, and supervising, the firm is likely to expand internationally. Third, through its application of an UE perspective, the study shows that family firms are effective in their international expansion if TMT members are heterogeneous in terms of overseas industry experience.

In the following section, we review the literature on family and TMT heterogeneity in international expansion and examine the possible relationships among them.

Theoretical Background and Hypotheses

Family Heterogeneity and Internationalization Propensity

Recent research on family business issues has attempted to avoid dichotomous definitions (Deephouse & Jaskiewicz, 2013) because of the ambiguous distinction between family and non-family firms (Chrisman, Chua, Pearson, & Barnett, 2012) and considerable heterogeneity within family businesses (Chrisman et al., 2012; Chua, Chrisman, & Sharma, 1999). Family heterogeneity thus becomes a crucial cue while analyzing strategic decisions in start-up businesses, cultural contexts, entrepreneurship, organizational theory, and internationalization.

Family heterogeneity involves ownership, family involvement, power control, and the governance mechanism of business management, all of which vary to differing extents in family firms (Pukall & Calabrò, 2014; Nordqvist, Sharma, & Chirico, 2014). Pukall and Calabrò (2014) suggest four crucial research angles, including family firm heterogeneity and its direct impact on internationalization. With regard to internationalization strategy, the powers and attitudes of the CEO and board are critical.

Previous research on the internationalization of family firms has provided mixed results (Arregle et al., 2017; Fernández & Nieto, 2006; Sciascia, Mazzola, Astrachan, & Pieper, 2012). Studies show that family SMEs have less intention to diversify (Fuentes-Lombardo & Fernandez-Ortiz, 2010; Okoroafo, 1999) because of their risk aversion and unwillingness to weaken the control of family CEOs (Gallo, Tapies, & Cappuyns, 2004). In other cases, family firms are expected to internationalize more than other firms because of their flexibility, speed in decision-making, long-term orientation, and stewardship compared with their non-family counterparts (Arregle et al., 2017).

Family Ownership and Internationalization Propensity in Public Listed Firms in an Emerging Market

According to *The Economist* (2015), "The biggest challenge for family companies is how to preserve family control while competing with public companies." Thus, family-controlled public firms might face major conflicts in growing globally while maintaining their control. *The Economist* (2015) suggests three techniques for family businesses to preserve family control while competing with public companies, namely by controlling their stakes, carrying the absolute voting right, and securing their ownership in

terms of a trust or foundation.

By drawing on the SEW perspective, the discussion on family heterogeneity shifts to the issues of ownership, long-term orientation, and family involvement (Pukall & Calabrò, 2014). With respect to internationalization propensity, previous studies of the impact of family ownership on internationalization show contrasting empirical outcomes (Arregle et al., 2017; Fernández & Nieto, 2006; Sciascia et al., 2012). Some firms are found to be willing to risk international expansion (Calabrò & Mussolino, 2013; Zahra, 2003, 2005), while others are less prone to do so (Fuentes-Lombardo & Fernandez-Ortiz, 2010; Gallo et al., 2004; Okoroafo, 1999).

The recent meta-analytic review by Arregle and colleagues (2017) on the impact of family involvement on internationalization finds that family firms' internationalization differs from that by other firms because of the significant presence of family members in ownership and the TMT as well as the risks and challenges in developing the geographic scope of their foreign direct investment (FDI). The authors suggest that the distinctive nature of family firms, including both their specific advantages and disadvantages, influences internationalization approach. Therefore, one should not neglect the heterogeneity of family firms compared with non-family firms.

Risk aversion characterizes most SMEs, whereas a positive attitude to risk is more common in public listed companies. Public listed companies differ from SMEs in terms of both the management and the ownership components, especially in family-run or -dominant firms. The level of family ownership refers to the percentage share held by the family, affecting the voting power within board decisions. The size of the dominant family and operational power of the CEO, irrespective of whether he/she is a family member, influence strategic decisions such as internationalization.

SMEs from emerging economies are outward into foreign markets vigorously in recent decades (Zhu, Hitt, & Tihanyi, 2006). In the early 1960s, Taiwan entered a period of rapid economic growth and industrialization, creating a stable industrial economy. According to Chen, Lawler, & Bae (2005), firms in Taiwan that have been exposed extensively to Western managerial techniques tend to adopt some Western thinking with the intention of expanding their family businesses beyond the domestic market. To compete globally, most public companies in Taiwan are attempting to accept global standards and follow global corporate governance practices. Therefore, we propose the following hypothesis.

Hypothesis 1a. In public listed firms in emerging markets such as Taiwan, family ownership has a positive impact on internationalization propensity.

Family Governance Oversight and Internationalization Propensity in Public Listed Firms in Emerging Markets

Ownership in voting control matters only when the expansion decision is presented at board meetings. As family firms have diverse ownership, management, and gover-

nance oversight, depending on the level of the dominant family's involvement, ownership and management might dominate the business's decisions differently. Banalieva & Eddleston (2011) conclude that family leaders tend to have a home region focus, while non-family leaders lean increasingly toward an international strategy; however, leaders of family-controlled public firms might pursue better performance through international expansion.

From the SEW perspective, family business leaders are driven by more than simply short-term economic goals, working toward longer-term objectives (Miller & Le Breton-Miller, 2006). Specifically, family firms are often distinguished by their socioemotional preferences, and some strive to create an evergreen business to pass onto their relatives (i.e., they are long-term-oriented; Gomez-Mejia, Makri, & Kintana, 2010; Miller, Wright, Le Breton-Miller, & Scholes, 2015). Hence, although internationalization might be a difficult decision for family businesses owing to its unpredictability and resource intensity (Ratten et al., 2017), a long-term vision of their business and organizational behavior within their operation could facilitate internationalization, since internationalization propensity may enable them to grow and thrive compared with rivals.

Given that a significant number of Taiwanese public firms are managed and controlled by founding families, as long as the family can secure their ownership and control irrespective of the firm's structure (i.e., foundation or pyramid), there are advantages to international expansion, and the chance of risk decreases. Therefore, family shareholders within the dominant family governance mechanism should tend toward international expansion. Thus, this study proposes the following hypothesis.

Hypothesis 1b. In public listed firms in emerging markets such as Taiwan, active family participation in governance oversight (i.e., family members hold dominant ownership and have a vital influence on strategic decisions) has a positive impact on internationalization propensity.

TMT Heterogeneity and Internationalization Propensity

An increasing volume of organizational research has studied the link between TMTs and international strategies (Carpenter et al., 2004; Reuber & Fischer, 1997; Sambharya, 1996; Bose, 2016). The main research stream in the literature on UE tends to consider TMT demographics as proxies of TMT dynamics (Hambrick, 2007; Hambrick & Mason, 1984), suggesting that executives' experience, values, and personalities greatly influence their interpretations of the situations they face and, in turn, their decision-making. Hence, organizational outcomes such as strategies and performance are expected to reflect the characteristics of these leaders. Further, building on Hambrick and Mason's original UE model, Carpenter et al. (2004) introduce overseas assignment experience as a new variable that may affect the managerial skills of TMTs.

Heterogeneous TMTs are more likely than homogeneous TMTs to be positively associated with managerial

strategic behavior (i.e., a showing greater propensity for strategic actions; Hambrick, Cho, & Chen, 1996). These provide the skills required to address environmental complexities, thus enhancing productivity in turbulent environments (Keck, 1997) and demonstrating a higher degree of internationalization (Reuber & Fischer, 1997). For example, Carpenter and Fredrickson (2001) link the educational diversity of TMTs with global strategic attitude by reasoning that the former provides an indicator of the diversity of the cognitive processes embedded in a TMT. Further, previous research has mostly used overseas assignment/work experience to predict firm-level outcomes (e.g., Carpenter, 2002; Carpenter & Fredrickson, 2001; Carpenter, Sanders, & Gregersen, 2001; Bose, 2016).

Reuber and Fischer (1997) find that internationally experienced TMTs have a greater propensity to develop foreign strategic partners, and industry network, which is associated with higher internationalization. Moreover, while Carpenter et al. (2001) report that specific TMT work experiences affect the success of multinational firms, they also find that this effect is stronger in firms having a greater global presence. The above discussion leads us to propose the following hypothesis.

Hypothesis 2a. Overseas industry experience heterogeneity within a TMT has a positive impact on internationalization propensity.

In addition, Tsao, Chen, Lin, and Liao (2013) investigate the effect of TMT overseas education experience heterogeneity on organizational performance. Their empirical results indicate that overseas education experience, a previously unexplored TMT background characteristic, also affects firm performance. Therefore, we propose the following hypothesis.

Hypothesis 2b. Overseas education experience heterogeneity within a TMT has a positive impact on internationalization propensity.

Method

Sample

We adopted publicly traded companies in Taiwan as our research sample to examine the influence of family and TMT heterogeneity on internationalization propensity. We chose Taiwan as our sample for four reasons. First, 74% of public listed companies in Taiwan are dominated by family ownership and involvement in operations (Tsai, 2013). Second, Taiwan is a small developing economy compared with the United States and European countries (e.g., the average capital of publicly traded companies in Taiwan is US\$1.49 billion¹), which enables us to view the sample as different from public firms in developed economies. Third, the economy of Taiwan is an indispensable partner in the global value chains of the electronics industry (Sturgeon & Kawakami, 2010). Regarding increasing competition with newly emerging countries, Taiwan is facing international-

ization challenges because of domestic labor shortages, which increase overheads and land prices, and environmental protection; hence, in the past two decades, traditional labor-intensive industries have steadily moved offshore. For example, Taiwanese companies have become major foreign investors in China, Thailand, Indonesia, the Philippines, Malaysia, and Vietnam. Finally, detailed composition and demographic information on the boards and TMTs of SMEs is lacking. The study collected stable and accurate information from publicly traded firms, leading to a reliable research result.

Data Collection

We adopted three data sources to both provide thorough and objective primary and secondary data (Cycyota & Harrison, 2002) and avoid the effect of common method variance. The first data source is firms' annual reports of 2014, collected from the firms' official websites or the Market Observation Post System, the official public database of the Taiwan Stock Exchange that provides basic firm-level information, financial performance report, and governance information on Taiwanese publicly traded firms for public use. The second data source is the *Taiwan Economic Journal (TEJ)* database, a credible source of financial and governance reporting for Taiwanese publicly traded firms. Family ownership (percentage of stock and shares) for 2014 is collected from the *TEJ*. The third data source is self-administered questionnaires by the CEOs of publicly traded companies. These questionnaires provided data on firm size, firm age, industry categories, subjective family ownership, and governance oversight level.

The data collection procedure comprised three steps. First, we downloaded the list of public listed companies from the website of the Taiwan Stock Exchange, and then we sent the CEO questionnaires to 1,353 public listed companies between October and December 2014. To raise the response rate and simplify the data reporting procedure, we coded the questionnaires by using numbers to avoid pressurizing participants. It is likely that participants would be willing to answer openly if the questionnaire carried no company identification (e.g., company name). We also coded the questionnaire to allow easier matching with our mailing list and the other two data sources.

A total of 105 usable questionnaires were included in the analysis. The relatively low response rate (7.76%) might have been because of the difficulty of accessing CEOs, as a buffer can keep CEOs from various requests for information (Cycyota & Harrison, 2002). CEOs also often have tight schedules and face considerable demand for information from industry analysts and stakeholders (Haleblian & Finkelstein, 1987), leading to a low willingness to respond to research questionnaires.

Second, we collected information on the boards and TMTs of the 105 sampled companies from their annual reports of 2014. To demonstrate the degree of international diversity, we reviewed the information on the number of overseas affiliate countries and the demographic charac-

teristics of TMT members including education background and occupational history. We coded these data accordingly and combined them with the data from the questionnaires.

The third step involved analyzing the raw data on the sampled TMTs' overseas experiences, including education background and occupational history. We then calculated the heterogeneity index suggested by Blau (1977); we termed this measure the international diversity of the TMT.

Measures

Family Heterogeneity. As family heterogeneity significantly affects internationalization propensity (Pukall & Calabrò, 2014), we included family ownership and governance oversight. Family ownership represents the control of the stock in the company, measured as the percentage of direct and indirect stock and shares owned by the family in 2014. The data on family ownership were collected from the TEJ database. On family governance oversight, following Miller, Lee, Chang, and Le Breton-Miller (2009), family firms were defined as "those in which owner-managers report that their family owns more shares than any other block holder, and in which strategic decision-making is directly influenced by multiple members of the same family" (Miller et al., 2009: p.809). Hence, family governance oversight was measured by two yes/no questions in the CEO questionnaire: "Is the total percentage of stock and shares owned by the company's dominant family greater than that owned by any other shareholders?" and "Do the dominant family members have a vital influence on the strategic decisions of the company?" If the answer to the question was yes, it was coded as 1 and 0 otherwise.

Next, we created a four-category dummy variable based on the answers to these questions. (D1: if dominant stock shares amount to 0, the influence on the decision is 1; D2: if the dominant stock shares amount to 1, the influence on the decision is 0; and D3: when both answers are positive.)

TMT Heterogeneity. In this study, the measure of the TMT's international experience consists of two dimensions: TMT overseas assignment and TMT overseas education. TMT overseas education refers to the highest education of each executive gained overseas, while TMT overseas assignment denotes foreign industry experience. First, we categorize TMT overseas education based on the location of the respondent's graduate school: (1) Taiwan, (2) United States/Canada, (3) Europe, (4) Japan, (5) China, and (6) other. The same procedure is adopted for TMT overseas assignment to code each executive's past occupational experience. For example, if the respondent's highest degree was from UC Berkeley and he or she served as a manager in the Singapore branch of the firm for five years, we assigned the codes (2) and (6) for overseas education and overseas assignment experience, respectively. If occupational experience spans multiple regions, we assigned the code (6).

In the second step, we calculated the heterogeneity of the TMT's international experience by using the heterogeneity index suggested by Blau (1977): *Heterogeneity*

$(H)=1-\sum P_i^2$, where P_i is the proportion of the population in category i . A TMT size of five indicates that four executives obtained their degrees from Taiwan, and one executive from the United States. Then, $H=1-.68=.32$ if all five executives obtained their degrees from Taiwan, and $H=0$ otherwise.

Internationalization Propensity. In this study, we adopt the concept of multinationalism, since FDI increases the control that a firm can exercise but also involves a relatively high degree of commitment, risk, and complexity compared with exporting (Anderson & Gatignon, 1986). Internationalization propensity was measured as the number of countries in which public listed companies had subsidiaries or strategic business units in 2014.

Control Variables. Firm size is correlated with internationalization strategy, as larger companies have a better chance of expanding their business overseas (Thomas & Graves, 2005; Zahra, 2003). As firm age rises, businesses might adopt internationalization to expand the market (Graves & Thomas, 2008; Zahra, 2003); on the contrary, firms might take advantage at an earlier age (Autio, Sapienza, & Almeida, 2000). Industry differences such as a different level of competition might cause different strategies regarding international expansion (Yip, 1992; Murphy & Tocher, 2017).

Hence, we adopted three control variables: firm age, firm size (log), and an industry dummy (the service industry serves as the reference group). Firm age was calculated based on the year of inception. Firm size was measured as the official number of employees (Miller & Droge, 1986). Note that we used the log transformation of firm size in the linear regressions. The industry categories were divided into manufacturing, service, high-tech and electronics, and other.

Results

Among the 105 samples, average firm age, average control ownership, average firm size (log), and the average number of international expansion nationalities are 28.25 years, 30.21%, 2.46, and 3.66, respectively. Regarding the heterogeneity index of TMTs, average overseas assignment experience is 0.31, while the maximum is 0.94; whereas average overseas education is 0.33 compared with a maximum of 0.70. Table 1 reports the means, standard deviations, and correlations for all the variables in the model.

We use ordinary least squares regression analysis to test our hypotheses. Table 2 shows the models and direct variables relating to Hypotheses 1a, 1b, 2a, and 2b.

Regarding family heterogeneity, the main effects model makes a significant contribution to the outcome. H1a (H1b) predicts that family ownership (governance oversight) is positively related to internationalization propensity. The results of H1a show that, unexpectedly, family ownership is significantly but negatively related to internationalization propensity ($\beta=-0.23, p<0.05$), indicating that the higher the

Table 1
Descriptive statistics and correlations

Variables	Mean	s.d.	1	2	3	4	5	6	7	8	9	10
Firm size (log)	2.46	0.55										
Firm age	28.25	13.46	.29**									
Industry (dummy)	1.37	0.86	-0.16	-.25*								
Family Ownership	30.21	18.91	-0.06	-0.13	-0.04							
Family Governance oversight_D1	0.06	0.24	0.01	0.03	-0.19	0.02						
Family Governance oversight_D2	0.03	0.18	-0.16	0.19	-0.06	-0.11	-0.05					
Family Governance oversight_D3	0.34	0.48	0.17	.23*	-0.05	0.11	-.19*	-0.14				
TMT overseas assignment	0.31	0.24	0.11	0.06	0.01	-0.03	-0.02	-0.02	-0.01			
TMT overseas education	0.33	0.19	-0.17	-0.05	0.02	-0.01	0.00	0.09	-0.03	0.14		
Internationalization propensity	3.66	3.76	.49**	0.18	0.00	-.25**	-0.15	0.04	.21*	.29**	0.03	

* $p < .05$, ** $p < .01$ (two-tailed test), N=105

Table 2
Simple regression analyses predicting the level of internationalization propensity

	Internationalization propensity	
	Base model	Main effects
Constant	-5.62***	-5.54***
Control variables		
Firm size (log)	.49***	.48***
Firm age	.06	-.07
Industry (dummy)	.09	.06
Independent variables		
Family Ownership		-.23*
Family Governance oversight_D1		-0.03
Family Governance oversight_D2		0.17
Family Governance oversight_D3		0.22*
TMT overseas assignment		.23***
TMT overseas education		.06
F	11.15***	7.35***
R²	.25***	.41**

* $p < .05$, ** $p < .01$, *** $p < .001$, N=105

family ownership level, including direct and indirect stock and shares, the lower the possibility of internationalization propensity is. To understand this contradictory result more in depth, we verified our data and found that compared with the majority of sample companies, some are much larger. Thus, although family ownership is relatively low, these have a greater degree of internationalization propen-

sity. Therefore, we conducted an additional test by eliminating eight companies with low family ownership (i.e., less than 8%) and a greater degree of internationalization propensity (i.e., subsidiaries in more than three countries). The ordinary least squares regression with these 97 sample firms shows that family ownership is not associated with internationalization propensity ($\beta = -0.13$, $p = 0.16$), confirming that the sample companies that actual hold low family ownership but have subsidiaries in more countries are outliers, which caused the significant but negative impact of family ownership on internationalization propensity.

Active family participation in both ownership and governance oversight is positively related to internationalization propensity ($\beta = 0.22$, $p < 0.05$), which supports H1b. In other words, the greater the level of family domination in stock and shares and management involved in the governance system, the higher is the possibility of a public listed family firm internationalizing. These results indicate the crucial influence of active family participation in ownership and governance oversight on internationalization propensity.

Regarding TMT heterogeneity, H2a and H2b predict that international experience and education are positively related to internationalization propensity. The results of the main effects in Table 2 reveal the positive and significant association between having TMTs with overseas assignment experience heterogeneity and internationalization propensity ($\beta = .23$, $p < .001$), supporting H2a. However, the findings for H2b differ from our expectations, showing insufficient evidence to claim that having TMTs with overseas education heterogeneity affects internationalization propensity.

As our relatively small sample might have insufficient explanatory power, we adopted GPower to estimate the overall estimated power (Cohen, 1992). The result shows that our study has sufficient statistical power (power=0.99,

effect size=0.695, $\alpha=0.05$, sample size=105, number of predictors=9).

Discussion and Conclusion

The internationalization behaviors of firms vary greatly depending on the degree and type of family influence (Banalieva & Eddleston, 2011) as well as the managerial capabilities of TMTs (Carpenter et al., 2004; Reuber & Fischer, 1997; Sambharya, 1996). Understanding the organizational drivers of international success and failure thus lies at the heart of international business theorizing and empirical investigation (Lu & Beamish, 2004; Peng, 2004).

In this study, we examine the determinants of public family firms' internationalization in an emerging economy, with a focus on two factors that relate to family heterogeneity. In particular, the level of family influence on the control and management of public listed firms in Taiwan remains high compared with most Western countries; thus, the research context in this study is ideal to establish whether linkages between family and TMT heterogeneity and internationalization propensity exist.

In contrast to our expectations, the data analysis of H1a revealed that actual family ownership has a significant but negative influence on internationalization propensity in Taiwanese public listed firms; however, our result concurs with SEW theory that overseas expansion might be undertaken to preserve the welfare of the family and avoid risk (Okoroafo, 1999; Sanchez-Bueno & Usero, 2014; Pukall & Calabrò, 2014).

In line with H1b, active family participation in ownership and governance oversight have a more positive impact on internationalization propensity when family involvement in ownership and governance oversight are both present. Although empirical evidence on the influence of family involvement on internationalization is mixed (Pukall & Calabrò, 2014), our research supports previous empirical work on family-controlled public firms, which establishes the positive effects of family governance oversight on internationalization propensity.

In line with H2a, TMT overseas industry experience heterogeneity is significantly and positively associated with internationalization propensity. However, our results did not reveal an association between TMT overseas education heterogeneity and internationalization propensity.

Contributions and Implications

This study advances the field of family business internationalization in three main ways. First, as varying levels of family ownership and control are likely to affect firms' strategic decisions (Arregle et al., 2017; Chrisman et al., 2005; Melin & Nordqvist, 2007), this study develops a more fine-grained understanding of family-controlled public firms in emerging markets and internationalization propensity by distinguishing ownership and governance oversight. Second, through its application of SEW theory, we examine family heterogeneity effects beyond the agency

and stewardship paradigm to explain that if family members are actively engaged in ownership, managing, and supervising, a firm is likely to expand internationally. Third, through its application of an UE perspective, our research highlights the potential positive aspect of TMTs' overseas assignment. The study shows that family firms are effective at international expansion if TMT members are heterogeneous in terms of overseas industry experience, which enhances TMTs' human and social capital and thus serves as a strong predictor of internationalization propensity.

On a practical level, our findings have implications for family business owners, non-family executives within listed family firms, and family business advisors. First, this study highlights the important role of family ownership along with governance control, which emphasizes long-term vision and fosters effective decision-making and enhances dominant powers and legitimacy through the unity of ownership and governance control; which in turn assists a firm's ability to organize firm-specific resources to compete in the international marketplace. Second, our findings suggest that the overseas assignment/work experience diversity of TMTs provides as a strong predictor of international expansion. Business linkages such as industry networks, joint ventures, and subsidiaries play an important role in increasing the probability of international expansion (Bose, 2016). Therefore, TMT overseas related resources and competencies play an important role in the decision of internationalization, for owners and managers in family firms, invest in building a heterogeneous top executive team in terms of its overseas industry experience will benefit international market expansion.

Limitations and Directions of Future Research

The present study, however, also leaves several questions unanswered. Its first limitation concerns the main effects of TMTs' demographic characteristics. Although numerous scholars have recognized the key role of a TMT's power in shaping major organizational outcomes, proxies such as its demographic characteristics can be unreliable (Denis, Lamothe, & Langley, 2001; Lawrence, 1997; Smith, Smith, Olian, Sims Jr., O'Bannon, & Scully, 1994). Hence, future studies should aim to collect primary data to directly examine the TMT's socio-cognitive concerns. This may compensate for the above limitation and advance the theoretical underpinning of UE theory.

The second limitation concerns the study's focus on the measure of international expansion. Firms use a variety of other measures of internationalization. Future research could thus focus on the impact of these other measures on firm internationalization. Third, concerns might be raised about the small sample size and generalizability of our findings outside the cultural and institutional context in which this research was conducted. Future research should therefore examine whether our findings on the influence of family heterogeneity on internationalization are replicable outside Asia, where the impact of family involvement on business operations is likely to be lower.

In conclusion, active family participation in governance oversight (i.e., family members hold dominant ownership and have a vital influence on strategic decisions) and TMT overseas assignment are associated with internationalization. As scholars have underscored the need to gain more insights into the contextual conditions under which family firms manage to maintain high levels of internationalization, our empirical findings provide the foundation needed to uncover these nuances and clarify how internationalization by family firms differs. Thus, our work improves the understanding of the specific issues and opportunities involved in internationalization pertaining to family-controlled public firms, particularly in emerging markets.

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