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INTERNATIONAL INVOLVEMENT OF SMES: THE IMPACT OF OWNERSHIP *

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Abstract

This paper analyses the relation between SME ownership and international involvement. With a wide sample of Spanish firms, from 1991 to 1999, we test the following hypotheses. Family SMEs results in lower involvement in international markets, due to difficult access to necessary strategic resources. SMEs with another company as a large-block shareholder will be more involved internationally, as they do have access more strategic resources. Likewise, when another company invests in a family SME, international involvement increases.

Keywords: internationalization, corporate governance, SMEs.

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INTRODUCTION

The process of SME internationalization has become very widespread in recent years, and therefore, it is advisable to examine this phenomenon in depth. Given that size seems to be less and less important as a factor in international competitiveness (Bonaccorsi, 1992, Calof, 1994, Wolf and Pett, 2000), other factors that could be limiting the access of SMEs to international markets should be analysed. Limited international involvement is particularly pronounced in family SMEs (Gallo and García-Pont, 1996), despite their weight in national economies (La Porta et al. 1999). Because of this we are interested in studying the influence of the firm's ownership type, and more specifically the family ownership, on the international involvement.

Prior research on governance systems has broadly studied the differences between concentrated and diffusely distributed share ownership structures. However there are few studies examining the influences of different types of ownership on the strategic behaviour of SMEs. Shrader and Simon (1997) described how corporate ventures and independent ventures emphasized different resources and strategies. The possession of strategic resources and capabilities is crucial to internationalise (Peng, 2001). Specifically, previous studies have identify a range of resources that encourage small firms to enter international markets (Naidu and Prasad, 1994; McDougall et al., 1994; Reuber and Fischer, 1997; Westhead et al., 2001). Therefore it is likely that the firm's resources and capabilities will be influenced by the type of owner, and the use of these resources and capabilities will actually affect the international strategy pursued by the firm.

An SME can have different types of large shareholders. First of all we find family firms that are run by the owner or founder or by his/her successors. These firms have a clear, long-term perspective, and a sense of identification with and commitment to the business. They are usually concerned about continuity through the next generation (Donnelley, 1964; Kets de Vries, 1993). In addition, the owner will be directly involved in company management, which allows him to closely control its decisions.[1] In general, those firms seem to face the typical problems of SMEs. They are often constrained by resource limitations and, consequently, their possibilities of growth may be curtailed.

Other SMEs have a company among their shareholders. This will allow the SMEs to more easily access financial, technological or commercial resources and capabilities. Also, this corporate shareholder can provide information about foreign markets. Hence, unlike family firms, these SMEs will be in a better position towards their international expansion.

This study focuses on the analysis of how different ownership types affect internationalization decisions in SMEs. Specifically, we will address two types of owners: family and companies. We will also study the case of family firms that have another company holding a stake in the firm.

We analyse the export strategy to study the involvement of SMEs in foreign markets. The data set used for empirical analysis is a large longitudinal sample of Spanish manufacturing SMEs. The majority of studies have focused on the exporting activities of firms located in the United States, and they have generally drawn upon non-random case studies or small (cross-section) sample surveys. There is, then, a need to conduct studies in a wider range of cultural environments and to improve the methodological shortcomings (Westhead et al., 2001). This study aims to contribute to this endeavour.

The paper is set out as follows. In the next section, we present the conceptual foundations for examining the internationalization strategy of SMEs with different ownership structures, and related hypotheses. The empirical analysis is presented in the subsequent section, followed by a discussion of results. Finally, we conclude with a review of implications for international competitive strategies, limitations and directions for future research.

THEORETICAL FRAMEWORK AND HYPOTHESES

Internationalization Strategy

There are two broad theoretical approaches to the internationalization of the firm. One of them focuses on studying the causes and the ways of the process; and specifically, it emphasizes the role of basic competences in internationalization. This focus includes the eclectic theory (Dunning, 1988), the resource-based view and the organizational learning (Kogut y Zander, 1993; Hitt et al., 1997; Peng, 2001). The other approach aims to explain where this internationalization will lead. This focus includes the sequential models, such as the one developed by Uppsala (Johanson and Vahlne, 1977).

The eclectic theory and the resource-based view emphasize how, in order to compete with host country firms in their markets, the firm must have strategic resources and in particular, superior knowledge that will provide it with a competitive advantage over these local firms. If this advantage can be developed by the firm from its country of origin, it will export; if not, the firm should exploit its advantage in the host country. The criteria for determining how the firm will do this (FDI, licences, joint ventures, etc.) will vary according to the theoretical approach. The eclectic theory focuses exclusively on minimization transaction costs. According to the resource-based view and organizational learning approach, the way the firm enters the market will depend on the characteristics of the resources and capabilities controlled by the firm. The firm will directly invest when the characteristics of these resources and capabilities (complexity, tacit nature, specificity, etc.) make their transmission to the market difficult (Kogut and Zander, 1993). The same analysis could be used to decide whether firms internalize their exports or not, the mode of internalization chosen by the firm and the control of distribution channels abroad (Campa and Guillén, 1999).

This latter theory provides a more powerful vision of internationalization, as it explains the process not only in terms of minimizing transaction costs, but also in terms of the firm having a strategic purpose (Madhok, 1997). The resource-based view also takes the analysis of internationalization one step further by noting how firms approach foreign markets not only to take utmost advantage of their competitive edges, but also to learn and develop resources and capabilities that allow them to generate new advantages (Hitt et al., 1997). Subsidiaries are capable of developing new resources and capabilities that are later extended to the rest of the organization (Birkinshaw, 1997); in others words, they can learn.

In general, the idea of internationalization as a process of acquiring international knowledge is the reasoning behind the Uppsala model. It proposes that international expansion of the firm occurs by stages, including different export phases.

Exporting is a learning process, as it helps the firm to learn the characteristics of new markets and how to work in them. It thus provides part of the information needed to approach new markets with less uncertainty. In fact, lack of international and foreign market knowledge causes a great deal of uncertainty (Eriksson et al., 1997). The cultural and regulatory diversity that a firm encounters upon internationalizing the business results in higher transaction costs, and this increases managerial information processing demands (Hitt et al., 1997).

Normally, the internationalization process of SMEs is analysed with the aid of sequential models such as Uppsala's (Lee and Yang, 1990; Leonidou and Katsikeas, 1996; Okoroafo, 1999). It emphasizes the role of international and foreign market knowledge, that the firm needs to achieve international expansion. In any case, the exporting SME should have resources or capabilities[2] that allow it to gain an advantage over local firms, and it can exploit this advantage via exports (Westhead et al., 2001). In terms of the resource-based view, the firm needs both the internally-generated resources and the externally-obtained resources as result of its progressive international activity.

However, the ability of an SME to access or generate these resources can be affected by its type of ownership, which will in turn affect the strategy ultimately chosen by the firm. It is for this reason that we are interested in more thoroughly examining different types of ownership.

Ownership Types

Little attention has been paid until now to an analysis of the relationship between different ownership types of SMEs and their strategic behaviour. Studies based on the theory of agency have addressed two types of issues. The first refers to the managers' equity participation, for the purpose of establishing an adequate incentive system. The second concerns the effects of concentrating ownership in the hands of non-managerial shareholders (banks, institutional shareholders) with sufficient incentives and information to control the firm's operations (Wright et al., 1996; Gillan and Starks, 2000; Gorton and Schmid, 2000).

In general there is evidence, though not fully conclusive, that concentrated ownership reduces opportunist behaviour. The still unanswered question is if all relevant shareholders behave in a similar way or if, on the contrary, they have different traits which result in different strategies. The SME is a field of study very suited to this issue because, by definition, ownership is concentrated in these firms.

In most continental European countries (such as Germany, Spain and Italy), as well as in the rest of the non-Anglo Saxon world, enterprises are usually controlled by their founders or members of the founder's family, other firms, financial institutions and, until recently, the State (La Porta et al., 1999; Becht and Röell, 1999).

Among SME owners, we can distinguish between families and other companies. There are also cases – and these are addressed in our study – in which firms combine the two, i.e. they have both a family and another company as shareholder.

In principle, family firms seem to have limited resources and capabilities. In particular, the characteristics of these firms limit their chances of acquiring intangible strategic assets such as technologies, reputed brands or qualified personnel. In addition, they will lack information on foreign markets, which will reduce their predisposition to internationalize.

In a family firm, a high proportion of the owner's wealth, and often of his/her family's wealth, is invested in the business. Therefore, as the investments of these firms are not diversified, they can be expected to be risk-averse (Demsezt and Lehn, 1985). This also makes them reluctant to lose control of their business (Storey, 1994). Traditionally, family businesses seem to pay less attention to growth-oriented strategies and they generally show slower growth (Harris et al., 1994; Donckels and Lambrecht, 1999), although in compensation they have a more long-term business orientation (Mayer and Moores, 1999).

Maintaining the family's independence and control will affect the firm's financial decisions. Family SMEs are not interested in issuing new shares if this implies the entry of new shareholders, with a resulting loss of control (Hutchinson, 1995). In general, they avoid sources of funding that undermine the identification of ownership with control. Therefore, their possibilities for growth depend on internally generated funds; they will resort to external financing only in the most extreme cases. Smaller SMEs even support themselves with funding provided by the owner and his family (Romano et al., 2000). All this will affect the firm's resource endowment that will be able to support a competitive advantage.

The generation of new knowledge is a long process leading to uncertain results. The accumulation of intangible assets involves risky investments that are ill-suited to the conservative nature of a family business (Donckels and Fröhlich, 1991*)*. Thus, the existence of a negative relation between investment in intangibles and family ownership is observed (Nieto, 2001).

Likewise, family firms usually have a low level of qualified staff for two reasons. In the first place, they prefer to employ family members for managerial positions, and these members may not be sufficiently qualified or not have international experience (Gallo and García-Pont, 1996). Secondly, family firms usually find it more difficult to attract professional managers. The unstructured nature of these firms, together with the difficulty of fully developing a professional career in competition with family members, diminishes the appeal of these firms to qualified professionals. Existing incentives and promotion systems are heavily biased toward family members (Lansberg, 1983; James, 1999).

Moreover, according to available empirical research, decision-making in family firm structures is centralized, there is little horizontal differentiation and formalization, lines of authority are blurred, and controls are usually informal (Geeraerts, 1984). These characteristics provide family firms with a good ability to respond, but they seriously hinder both national and international expansion. Internationalization requires that more complex structures and formal controls be implemented and that the firm be decentralized, which the owners may understand as a loss of control (Davis, 1983; Ward, 1988).

Finally, independence makes it hard to obtain information on international markets, in both the business and institutional realms, and this means that this type of activity will cause a great deal of uncertainty. All this increases transaction costs and reduces the incentive to export.

In short, the family firm finds it difficult to amass the internal and external knowledge that would provide it with a competitive advantage that could be exploited through internationalization. Therefore, we do not expect the family firm to be very involved in international markets. Thus, we postulate the following hypothesis:

Hypothesis 1: In SMEs, international involvement is negatively related to family ownership.

SMEs with a company as a shareholder would not be expected to suffer from the previous limitations. When the SME has another company as a large shareholder, it is in a better position to develop its own resources, and in some circumstances it can even access the resources of that corporate shareholder.

These SMEs will have better access to financial markets thanks to their ties to that large-block shareholder, which can finance them or provide guarantees to obtain funds on the market. Moreover, the relationship between both firms may be interpreted as a good sign by capital markets. The market anticipates efficient control by this large shareholder and financial support from it when the firm faces financial difficulties.

This type of owner seems to be in a better position to help the SME undertake the investments required to accumulate the intangible assets (Nieto, 2001), which will help it build a competitive advantage in international markets. Unlike family firms, the owner's investments are more diversified, which makes it risk-neutral.

Moreover, the shareholder-company can provide access to other resources the firm needs. Of these, managerial capabilities occupy an important place. Here the selection of managers is guided by criteria of professionalism, just as the structures and management systems to be implemented. In this way, Bijmolt and Zwart (1994) have found, in a sample of Dutch SMEs, that dependent firms adjusted their organizational structure more often, and performed more export planning activities than independent ones. The possession of routines to manage the exporting activities is essential (Eriksson et al., 1997). To achieve them, the firm needs to devote time and effort, which could be less with another company's support.

Together with this knowledge internally-generated, firms need external knowledge. Having another company as a shareholder helps the SME to obtain information on the foreign markets it intends to enter. The connections that this owner provides help the firm to enhance its knowledge of internationalization and foreign markets, and of how to compete in them. In other words, the firm that has shareholding ties to others is better able to reduce uncertainty than an independent firm. This facilitates and encourages its international expansion. Hence, these SMEs have a more positive attitude toward export (Bijmolt and Zwart, 1994).

In conclusion, it is reasonable to think that another company investing in the SME could encourage their achievement of foreign markets. The following hypothesis is formulated:

Hypothesis 2: In SMEs, international involvement is positively related to having a company as a large-block shareholder.

In some family SMEs, the family share the firm's capital with another company, predictably, in order to avoid such resource constraints. These SMEs would probably have access to superior resources. As a results of this equity participation, the shareholder-company can provide financial, technological and human resources, marketing expertise and distribution channels.

Together with these resources, managerial capabilities could be provided by the shareholder company. Due to the implication of this new shareholder, the family SME is obliged to manage the business in a more professional way. The use of inefficient and very centralized organizational structures and informal controls cannot be continued. The need to account for its actions to a third part requires that management be systematized, and conducted more professionally.

Finally, this large shareholder can help to minimize uncertainty because it can provide information on foreign markets and how to operate in them.

As a result, this combination of shareholders helps to professionalize management of the firm, while it allows family owners to maintain direct control and supervision, and to gain additional resources. All this is likely to favour the creation of competitive advantages that can then be exported. Therefore, when another company has a stake in a family SME, we expect this firm's international expansion to be encouraged. The following hypothesis is stated:

Hypothesis 3: In SMEs, international involvement is positively related to family ownership when a company is another large-block shareholder.

EMPIRICAL ANALYSIS

Data Set and Variables

The source for the empirical work is the Survey of Business Strategies (SBS). It is a firm-level panel of data compiled by the Spanish Ministry of Science and Technology from 1991 to 1999. The SBS covers a wide sample of Spanish manufacturing firms operating in all industry sectors. The sample is representative of the population of Spanish manufacturing firms with 10 to 200 employees. In this range, the sample is random and stratified according to firm size (in terms of the number of employees) and sector.

In this study, the figure of 200 employees is taken as the upper limit for definition as an SME. Information is available for an incomplete panel data with 15,375 observations. According to our classification, 10,579 of these observations pertain to SMEs, or nearly 70% of the total number of firms. The proportion of family businesses amounts to 54% of all SMEs, whereas the percentage of firms with other company as shareholder is almost 18% of SMEs. Only 3% of SMEs can be considered as family business with another company investing in the firm.

Dependent Variables

Two dependent variables were used in the study to assess the degree of international involvement of Spanish SMEs: the firm's propensity of exporting and its export intensity, which are two well-established measures of export-firm performance (Bonaccorsi, 1992; Calof, 1994; Wakelin, 1998). Previous studies on Spanish firms confirm how the smallest ones prefer exporting over direct investment (Pla-Barber, 2001). The fact that a firm exports does not mean that it has deliberately become involved in an internationalization process. The decision to export could be sporadic (Rao and Naidu, 1992), resulting from an unexpected order and not from a clear, decisive readiness to export (Cavusgil, 1984; Gankema et al., 2000). Therefore, to really be able to assess the degree of an SME's internationalization, not only the propensity for exporting but also the export intensity must be identified, i.e. the extent to which sales depend on the foreign market:

Propensity for exporting, indicates if the firm is a nonexporter, i.e. export sales are equal to zero, or a exporter, i.e. all other cases (PEXP).

Export intensity, is measured by the ratio of export sales to total sales (EXPINT).

Independent Variables

Different independent variables are included in the empirical models, as suggested by the theoretical framework (see Table 1). In order to explain the effects of different types of ownership, we distinguish three basic categories:

Family, the SME belongs to a family and one or more members of the owner family are in management positions[3] (FAM).

Company, another company is a large-block shareholder in the SME (COM).

Family+company, identifies SMEs belonging to a family, with one or more family members in management positions, and with another company investing in the firm (FAMCOM).

Control Variables

Innovation. The empirical work generally concludes that innovation is an important factor in explaining export performance (Ito and Pucik, 1993; Wakelin, 1998; Molero, 1998; Basile, 2001). To control the potential impact of innovation efforts on exporting behaviour, we use an input variable as R&D expenditure (PID-1).

Alliances. Alliances and co-operative agreements can provide ways to improve the international performance of SMEs, both by providing resources and mitigating the uncertainty of the internationalization process (Welch, 1992; Berra, 1995; Kohn, 1997; Keeble et al, 1998; Lu and Beamish, 2001). To consider the contribution of alliances to the international involvement of SMEs, we use the available information on commercial agreements with wholesalers and retailers (ALLIANC).

Age. The firm's age variable is used to control the firm's experience and accumulated resources, as this is a process that takes time (Dierickx and Cool, 1989). It is used in other internationalization studies (Reuber and Fischer; 1997; Preece et al, 1998; Chen and Martin, 2001) (AGE).

Foreign. We control the origin of the company-shareholder investing in the SME, because different behaviours and knowledge of international markets could be expected. In fact, the subsidiary firm of a MNE might well have been created with a global perspective. Hence it is prepared to supply foreign markets or some segments of them as part of a transnational strategy (Bartlett and Ghoshal, 1989). We include a variable to indicate foreign ownership (FOREIGN).

Size. We introduce the number of employees into the models, in order to control the effects of firm size (SIZE).

Sector. By including the mean export intensity by industry and year, we can capture sector characteristics (SECTOR).

Table 1 summarizes the variables included in the empirical analysis. Table 2 contains the descriptive statistics and the correlations between variables.

Insert Tables 1 and 2 about here

Methodology and Results

Two basic empirical models of export behaviour are estimated to test our hypotheses. In the first one (Model 1), we estimate a *probit model* to explain the decision to export or not. In the second one (Model 2), we estimate a *tobit model* to analyse the determinants of export intensity. In both cases the methodology is adjusted to process panel data. Table 3 gives details of the models.

Model 1 is estimated in order to clarify the potential impact of the variables on the probability of the firm to export. The model is statistically significant below the 1 percent level. All the variables included, except FAM, are significantly associated with the dependent variable. Hypothesis 1, i.e. negative relationship between international involvement (with export propensity dimension) and the status of family firm, is not supported by these results. The model shows that COM is a significant variable. Another company investing in the SME has a positive effect on the probability of being an exporter. Therefore, Hypothesis 2, i.e. positive relationship between international involvement and corporate ownership, is supported. The variable that identifies family business with the participation of another company, FAMCOM, is also positive and significant in the model, showing that the decision to enter international markets is encouraged when another company is a large-block shareholder, together with the family (Hypothesis 3 is supported).

Among the control variables, variable ALLIANC has a positive role in modelling the propensity for exporting. And as expected, the R&D variable (PID-1) shows a positive relationship with this propensity. AGE and SIZE exhibit a positive impact on the dependent variable, consistent with previous research that found that the decision to achieve foreign markets is positively associated with the age and size of the firm. A foreign origin of the company investing in the firm also has a positive effect on the probability of exporting. The influence of the sector is positive in the decision to export, and the SECTOR coefficient is also positive and significant.

Model 2 reveals that ownership type significantly affects the second dimension of exporting behaviour, showing the influence of different ownership types on export intensity. All the variables included are significantly associated with the dependent variable, at least at the 10 percent level, and the model is statistically significant below the 1 percent level. Hypothesis 1 is now supported. In this case we found a negative and significant relationship between family businesses and export intensity. Even though family status did not determine a negative difference of these firms from the rest in the decision to enter markets, it is negative in the variable that addresses export behaviour. COM and FAMCOM are also positive and significantly associated with this second dimension of export behaviour (Hypotheses 2 and 3 are also supported by this model). The participation of another company in a SME's capital seems to encourage the commitment to international markets of the SME, even family SME. Some of the problems or lack of resources can probably be mitigated when the firm has a close relationship with another company.

Insert Table 3 about here

The positive relationship of both ALLIANC and PID-1 with export intensity is as expected. A positive contribution to international involvement by alliances and agreements in SMEs is found. The results confirm that innovation is a very important competitive factor and help to explain export behaviour among SMEs. The age of the firm, AGE, seems to be important in helping to create expertise and accumulate resources that favour the international involvement. Finally, SIZE, FOREIGN and SECTOR positively affect the exporting sales proportion.

DISCUSSION AND CONCLUSIONS

The main focus of the paper is to analyse the influence of ownership type on the international involvement of SMEs. Specifically, we focus on family SMEs, including these family SMEs which have a company as another large-block shareholder. Family businesses represent a significant and basic role in present economy, because of that it is relevant to study the factors contributing to their international competitiveness.

The initial assumption, in accordance with the resource-based view, is the idea that competitive advantages at both the national and international level depend on the firm's portfolio of strategic capabilities and resources. Family firms seem to be at a disadvantage when they come to internationalization, as it is difficult for them to access the resources required for this.

Several factors coincide in family firms that negatively affect their level of internationalization. In the first place, it is hard for them to acquire strategic resources and capabilities, that are essential for building competitive advantages at an international level. These firms tend to be conservative and risk-averse, which is not surprising because the family's wealth is concentrated in the business. Therefore, they will not be inclined to make risky investments, such as those required for accumulating intangibles. They lack international and foreign market knowledge. In addition, these firms are distinguished by the figure of the entrepreneur, which conditions the way they act and reduces the possibility of using professional management systems. Because of these reasons it can be expected that family firms will be reluctant to internationalize.

On the contrary, firms that have other companies as a large-block shareholders are in a better position to build a strategic knowledge base. Likewise, these shareholders can provide the resources that these firms need, as well as information on international markets. They will thus be in a better position to internationalize. In fact, many of them may already have an international vocation when they are created.

This can also occur in family firms having another company as a shareholder. The participation of another company will likely require a higher level of professionalism; in order, at less, to control the firm's operation, because management may remain on family members. Likewise, this shareholder will be interested in making investments that will result in competitive advantages in the future, especially on an international scale. In any event, this can also provide access to the resources the firm needs.

To test our hypotheses we use a wide sample of Spanish manufacturing firms, from 1991 to 1999, in the range of 10 to 200 employees. Two measures have been used to analyse the international involvement: the export propensity and the export intensity, as these are firms that have no foreign subsidiaries.

The results confirm the three stated hypotheses, although in the case of family firms no relationship is found between ownership type and export propensity. It is seen that export intensity is negatively related to family ownership. The lack of a relationship between family and the decision to export probably has to do with the fact that many firms export on a sporadic basis (Rao and Naidu, 1992). They fill an unexpected order if they receive it, but that does not mean they will become more heavily involved in foreign activity. Family SMEs, as well as the others, do not reject a foreign sale; but they are reluctant to establish a more stable commitment with international markets.

Our second category of firms, on the contrary, are more competitively oriented, which confirms that when a company invests in an SME, the SME will internationalize more. This is also true for family SMEs that have another company as shareholder. As we predicted, this shareholder can be expected to help build the resource base that the family firm needs, and at the same time implement professional management which makes it possible to successfully exploit these resources. These facts are borne out with both internationalization measures– propensity and intensity.

Of course the paper is not without limitations. First of all, the study has been carried out in only one country, which means that local factors may affect the results. Secondly, the firms may use other internationalization methods that have not been explored. The firms in the sample are too small to have foreign subsidiaries (only 6 of them had any in 1998), but they could have entered into agreements with local companies. Unfortunately, the database does not provide this information.

Future extensions of the work should analyze the use of alliances between the exporter SMEs and partner with local knowledge. In the same way, it would be useful to explore the relationship between the international involvement of SMEs and the financial results obtained by these policies. Lu and Beamish (2001) present an interesting discussion on this subject, from a sample of Japanese SMEs, with interesting and surprising findings. It could be interesting to extend it to other countries, and to study firms with less than 200 employees.

Finally, it would be appropriate to investigate the behaviour of different types of family SMEs, according to the generation managing the firm. Of course, there are many areas to be investigated before we know as much about SME strategy as we know about larger firms' strategy.

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TABLAS

Table 1. Variables included in the analysis

Variable	*Operationalization*
Dependent	
PEXP	The SME is an exporter (there exist export sales) or non-exporter (export sales equal zero), (0,1) dummy used in models.
EXPINT	Export sales/total sales.
Independent	
FAM	Family ownership, (0,1) dummy used in models.
COM	Another company is a shareholder in the SME, (0,1) dummy used in models.
FAMCOM	Family business with another company as shareholder, (0,1) dummy used in models.
Control	
PID(-1)	Total R&D *expenditure*/total sales (lagged one period).
ALLIANC	The firm has agreements with retailers and wholesalers, (0,1) dummy used in models.
AGE	Number of years since starting year of firm's operation until the year of the observation.
PEXTR	The company investing in SMEs is a foreign firm (0,1) dummy used in models.
SIZE	Number of employees.
SECTOR	Mean by sector and year of *Expint*.

Table 2. Descriptive statistics and correlation matrix of independent variables

	Mean	St.Dev.	1	2	3	4	5	6	7	8	9	10	11
1. FAMILY	0.536	.498	1										
2. COM	0.176	.381	-0.50	1									
3. FAMCOM	0.031	.175	-0.18	0.37	1								
4. PID(-1)	0.004	.019	-0.04	0.07	0.04	1							
5.ALLIANC	0.215	.411	-0.05	0.10	0.04	0.06	1						
6. AGE	16.39	17.7	-0.15	0.16	0.02	0.03	0.07	1					
7. FOREIGN	0.099	.299	-0.36	0.71	0.08	0.02	0.08	0.14	1				
8. SIZE	44.5	47.8	-0.34	0.50	0.07	0.12	0.15	0.31	0.40	1			
9. SECTOR	0.101	.054	-0.07	0.07	-0.01	0.08	0.01	0.02	0.09	0.09	1		
10. PEXP	0.433	.495	-0.16	0.27	0.10	0.14	0.16	0.18	0.25	0.37	0.20	1	
11. EXPINT	0.101	.205	-0.15	0.25	0.09	0.10	0.12	0.12	0.26	0.31	0.25	0.56	1

Tabla 3. Empirical models

	PEXP (1)	EXPINT (2)
FAMILY	-0.083 (-1.073)	-0.011* (-1.828)
COM	0.343* (1.857)	0.049*** (5.223)
FAMCOM	0. 738*** (2.957)	0.022* (1.819)
PID(-1)	7.344*** (3.404)	0.503** (5.019)
ALLIANC	0.636*** (4.968)	0.034*** (4.529)
AGE	0.025*** (4.709)	0.001*** (6.051)
FOREIGN	0.869*** (4.520)	0.046*** (4.818)
SIZE	0.020*** (15.331)	0.001*** (15.841)
SECTOR	9.866*** (9.433)	1.172*** (23.573)
CONST.	-2.976*** (-19.626)	-0.256*** (-25.913)
Model test	664.30*** (0.000)	1579.21*** (0.000)
χ^2 (a)	3817.53*** (0.000)	6484.70*** (0.000)
Log Likelihood	-2955.75	-66.29

Total observations: 8497. ***p<0.01, **p<0.05, p*<0.10, z-statistics in brackets.
(a) Test on the irrelevance of individual effects (p-value).

End Notes

[1] In family businesses, the ownership may be distributed among several members of the family over the generations. But management usually remains under family control, even though management positions are not occupied by members of the founder family.

[2] In fact, sequential focuses are based, though implicitly, on this assumption. After reviewing all the models that have been devised along these lines and empirically contrasted, Leonidu and Katsikeas (1996) reach the conclusion that the progression of a firm's exporting effort depends, among other factors, on the competitive advantages and resources, e.g. patents or production capabilities (Baird et al., 1994), used to support it.

[3] With this definition of the family firm, it is possible to use as an identification criterion the family's capacity of effective control. It is based on its participation in firm management, instead of having to base it on a percentage of capital, without knowing the rights to control that this percentage confers.