

ANTECEDENTS OF INTERNATIONALIZATION
IN FAMILY FIRMS

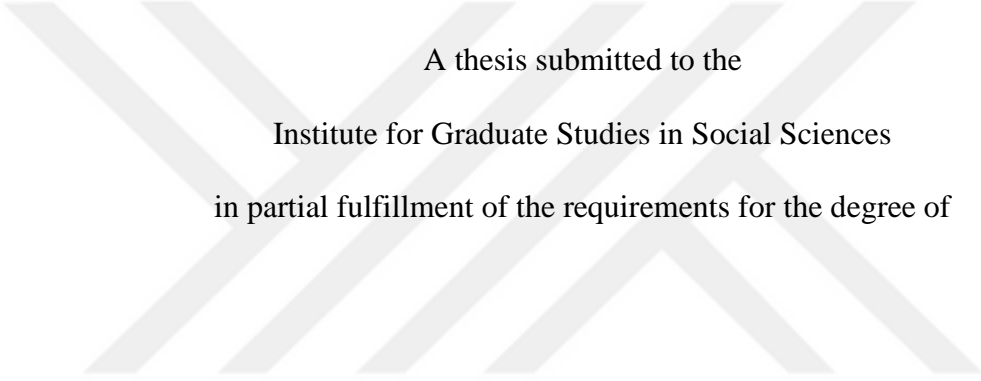


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ANTECEDENTS OF INTERNATIONALIZATION
IN FAMILY FIRMS



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IN FAMILY FIRMS

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DECLARATION OF ORIGINALITY

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ABSTRACT

ANTECEDENTS OF INTERNATIONALIZATION IN FAMILY FIRMS

The current research analyzed the antecedents of internationalization in family firms. The following research aims to analyze how different firm-level antecedents associates with the internationalization of family firms in Turkey. The survey was sent to 312 firms and 145 responses have been collected. Out of the received responses, 43 were eliminated since the respondents' credentials were not meeting the inclusion criteria. Hence, 102 responses were selected. However, five responses with outlier values have been eliminated and 97 responses were analyzed via statistical means using SPSS 27. The survey was developed by analyzing the previous work of scholars critically in order to gain relevant results. Independent variables used in this study were the firm's age, firm size, family share ownership, R&D intensity, and international experience. The association of these independent variables with the internationalization of family firms was analyzed. The research was quantitative, and an online survey method was used for data collection. The research findings showed that firm size has a significant positive association with the internationalization of family firms. In contrast firm age, family ownership, R&D intensity, international experience have no significant association with the internationalization of family firms in Turkey.

ÖZET

AİLE ŞİRKETLERİNDE ULUSLARARASILAŞMANIN ÖNCÜLLERİ

Çalışmada aile şirketlerinde uluslararasılaşmanın öncülleri incelenmiştir. Çalışmanın amacı Türkiye’de bulunan aile şirketlerinin uluslararasılaşması ile şirket seviyesindeki öncüllerin ilişkisini incelemektir. Anket 312 firmaya gönderilmiş ve 145 dönüş elde edilmiştir. Edinilen dönüşlerin 43 tanesi gerekli şartları sağlamadıklarından çalışmadan çıkarılmıştır. Bunun sonucu olarak 102 adet dönüş çalışma için kullanılmıştır. Ancak 5 adet dönüş içerdikleri aykırı değerler nedeni ile elenmiş ve 97 adet dönüş SPSS 27 kullanılarak incelenmiştir. Anket uygun sonuçlar elde etmek için daha önce gerçekleştirilmiş olan çalışmalar incelenerek geliştirilmiştir. Çalışmada kullanılan bağımsız değişkenler firmanın yaşı, firmanın büyüklüğü, ailenin sahiplikteki payı, Ar-Ge yoğunluğu ve uluslararası tecrübedir. İlgili bağımsız değişkenlerin aile şirketlerinin uluslararasılaşması ile ilişkisi incelenmiştir. Çalışma nicel bir araştırma olup, verileri toplamak için çevrimiçi anket yöntemi kullanılmıştır. Araştırmanın sonuçları, firma büyüklüğü ile aile şirketlerinin uluslararasılaşması arasında pozitif yönlü anlamlı bir ilişki olduğunu gösterirken, firmanın yaşı, ailenin sahiplikteki payı, Ar-Ge yoğunluğu ve uluslararası tecrübe ile Türkiye’de yer alan aile şirketlerinin uluslararasılaşması arasında anlamlı bir ilişkinin olmadığını göstermektedir.

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CHAPTER 1

INTRODUCTION

Internationalization has become an essential aspect for both family and non-family firms during the last decades with the acceleration of globalization. Firms benefited from internationalization as they gained a competitive advantage over the non-internationalized firms in their market by lowering their operation costs, reaching new markets and resources.

The family firms are considered the backbone of the global economy, which uses internationalization as the most valuable and important strategy for the expansion and growth. Segaro (2012) and Tucker (2011) argued that family firms account for over 50 % of employment resources in the private sector and are undergo more internationalization than non-family businesses. The internationalization of the family firms is different from the internationalization of the organization with different owners (Casillas, Moreno & Acedo., 2010; Fernandez & Nieto, 2005; Johanson & Vahlne, 1977; 2009). The family businesses are quite a distinct entity of investigation in identifying the features in terms of internationalization. For instance, the family firm owners are more aggressive in seeking the maximum revenues from foreign markets than pursuing front broader internationalization (Zahra, 2003). Fernandez and Nieto (2005) state that family firms have difficulties developing company portfolios related to the strategic resources that make international success difficult. Patel, Pieper & Hair. (2012) suggested that global family business operations are considered more valuable for the growth and expansion strategies.

Kontinen and Ojala (2010) state that family firms strive to maintain their positive image and position in the market to achieve high growth. The internationalization of family firms positively influences the business's values by bringing the family businesses into the international marketplaces (Casillas, Moreno, Acedo, Gallego & Ramos, 2008; Kontinen & Ojala, 2010).

The internationalization of family businesses in developing countries, like Turkey, has become a more significant research area than the research in developed countries (Esra-Karadeniz & Gocer, 2007; Sciascia & Mazzola, 2008). In the past, traditionally family businesses tend to operate in their local markets. However, the increase rate of globalization and market competition in the world obligates family firms to internationalize and offer their products and/or services to foreign markets and domestic markets. The internationalization of the family businesses has become a vital strategy for Turkish family firms to secure survival in both the national and international markets and increase their profitability. (Casillas et al., 2010; Mattsson, Corsaro & Ramos, 2015).

Okoroafo (1999) mentioned that if the family businesses owner does not initiate the family business's internationalization, the next generation will unlikely take internationalization in the future. Research conducted by the "International Family Enterprise Research Academy" (IFERA) (2003) stated that the internationalization of the family businesses is essential for the GDP ("Gross Domestic Product") of a country. The decline in the number of family businesses hurts the country's economy. The family businesses have adopted such a corporative governance system that increases the firm's productivity (Martin & Duran, 2012). Casillas et al. (2010) mentioned in their study that knowledge and family

commitment are two primary components of the internationalization of family businesses. At the same time, Graves and Thomas (2008) discussed the three pathways for the internationalization of the businesses includes, i) commitment level for internationalization, ii) availability of financial resources, and iii) ability to use the financial resource with commitment. Casillas et al. (2010) argued that there are two kinds of opposing forces that family businesses encounter; the first force drives family businesses to grow beyond the traditional market, the second force encourages the leader to develop the low-risk factor projects and launch in the traditional market. Esra-Karadeniz and Gocer (2007) stated that three different levels of variables influence the internationalization of the company: firm variables, management variables, and environmental variables. The local and international market knowledge, international experience of management staff (employee and owner), and financial state of the company influence the internationalization of the businesses (Chandra, Styles & Wilkinson., 2012).

It is challenging for family business firms to survive in the international market (Hanell & Ghauri, 2016). As stated in the previous literature, family businesses are an important part of the Turkish economy. There is a need to study the internationalization of the family businesses and their antecedents. (Can, Alayoğlu & Alayoglu, 2016)

Assaf, Josiassen, Ratchford & Barros (2012) state that the inability of the family businesses to compete with the international market leads to a shorter business life span. More research is required about the firm-level antecedents of the internationalization of family businesses in Turkey.

The present research proposed to determine the antecedents of the internationalization of family businesses in Turkey. Present research tried to find out how family size, age, R&D intensity, family ownership, and international experience of executives associates with the internationalization of family businesses in Turkey. The extensive study of the literature identified many factors associated with the internationalization of firms, like international market knowledge, knowledge of culture level of education of firms' management, and stock knowledge (Game & Apfelthaler, 2016). This research provides limited knowledge in the context of family businesses that are operated in Turkey. Few pieces of research provided information about the international experience of firms and the internationalization of small and medium-sized firms (Purkayastha, Manolova & Edelm, 2018). Previous research conducted related to the international decision making and management, factors that favor or disfavor the internationalization of large and small business organizations (Manolova, Manev & Gyoshev, 2010; Cater & Pucko, 2010), and family relationships that dominate the family firms, knowledge share, and experience (Chen, 2011). The current study's focus is on the antecedents of internationalization in family firms.

As mentioned above, due to the growing importance of both internationalization and family firm subjects, the present research aims to analyze the antecedents of internationalization and associations of these antecedents with the internationalization of family firms in Turkey. The research focuses on both the firm and management level antecedents of internationalization and questions how firm size, firm age, research and development intensity, family ownership, and

international work experience of executives associates with the internationalization of family firms.

The study consists of five chapters. The second chapter explains the theoretical framework of the study. Family businesses, internationalization and the antecedents of internationalization have been presented with the Uppsala and Stage models. In addition to that, the study's conceptual model has been presented and the hypotheses were introduced.

The third chapter explains the research approach, how dependent and independent variables are measured, sampling and data collection methodologies and, how the data analysis will be conducted.

Chapter four presents the results and findings of descriptive, correlation and regression analysis.

The final chapter begins with the discussion of findings which followed by the conclusions, limitations of the study, and suggestions for future research.

CHAPTER 2

LITERATURE REVIEW

2.1. Internationalization of Family Businesses

From the last two decades, family businesses got the attention of researchers (Bird, Welsch, Astrachan & Pistrui, 2002; Colli, García-Canal & Guillén., 2013; Sharma, Chrisman & Chua, 1997; Castro & Aguilera 2014; Xi, Kraus, Filser & Kellermanns, 2015). Family businesses received excessive attention because family businesses are considered the backbone of the private industry that increases the country's employment opportunities and economic growth. Family businesses differ from traditional businesses because family businesses are owned and controlled by the family, managed by the family. In contrast, traditional businesses are considered community businesses. Often, one or more families run family businesses. The position of the family businesses in the market is usually influenced by family ownership. Since the family controls the firm's management and employs the critical position of the firms, they plan and design the best strategies and policies that would work in the best interest of the family businesses. The family businesses succession moves towards the next generation (Xi et al., 2015).

Family businesses have some distinctive features passed in the family from one generation to the next generation. These specific features of family businesses are constant, triggering the changes that evolve from the interaction between the family, ownership, and business economics. Internationalization has become a more popular topic among family businesses after realizing that internationalization offers unique opportunities and creates new threats. (Zahra, 2003) As the domestic markets

become more competitive, family's focus on internationalization to gain reach new markets and customers to secure the financial position and income of the family. Family businesses internationalization has become necessary for the growth and survival of the businesses in the market. Tsai and Eisingerich (2010) stated that the internationalization of the firm deals with all the subject matters related to investment motivation, target market features, entry modes, and timing in the international market. The family business's internationalization focuses on the operation that intensifies globalization with high worldwide competition, new growth prospects, and technological development beyond the national borders. Offering services and goods outside the home country provides good business opportunities for the family businesses (Claver, Rienda & Quer, 2007).

The internationalization of family businesses influences the country's economic growth since two-thirds of the total businesses in most developing countries. Ramamurti (2012) argued that family firms established alliances with third parties like domestic companies, state or multinational companies, and stand-alone family firms in developing and developed countries.

Musso and Francioni (2020) studied the internationalization of Italian family businesses. They suggested that strategic decisions influence the internationalization of family businesses. They analyzed the influence of managerial and entrepreneurial factors, strategic factors, firm's factors, family factors and context-related factors that influence the internationalization of Italian family business firms. Floris, Dessi & Dettori., (2020) studied small family firms that were operated in Sardinia, Italy. The scholars pinpointed that internationalization is mainly influenced by the family, firm, and context (social, geographical and cultural) aspects that affect the

internationalization in resilient family businesses. Kalhor and Ghalwash (2020) studied the ‘internationalization of family and non-family businesses in Egypt, Madagascar, Morocco, and Turkey. Kalhor and Ghalwash (2020) mentioned that the governance of any country, especially the developing countries impacts the internationalization process. Their study on the mentioned countries found that Morocco family businesses' export is higher than Egypt, Madagascar, and Turkey.

Also, the scholars evaluated that innovativeness plays a significant role in boosting the internationalization process of the family businesses. Chen, Zou & Wang (2009) stated that innovation and internationalization are the two strategies that can measure the firm's business performance. Groggaard, Gioia & Benito (2013) demonstrated that innovation (product diversity) and internationalization are the two main factors that are important for the firm’s survival, especially in the international marketplace. Kylaheiko, Jantunen, Puumalainen, Saarenketo & Tuppuru (2011) studied the relationship between internationalization and innovation and found a substitutive or complementary relationship. Therefore, the scholars suggested a need to integrate innovativeness. Also, they emphasize that an internationalization strategy is considered the best strategy when the products' demand is limited in the domestic market. Patel et al. (2012) argued that firms that have limited innovative and internationalize strategies have a shorter life span of businesses.

2.2. Antecedents of Internationalization

Oesterle, Richta & Fisch (2013) stated that the concept of internationalization is all about the extension of any type of business across traditional borders. Korsakiene

and Tvaronaviciene (2012) demonstrated that it is a process in which enterprises are connected with the international markets through different methods of transactions. Oesterle et al. (2013) called it the monetary amount of businesses across the borders. Kontinen and Ojala (2010) suggested that the purpose behind the internationalization of the firms is to increase business sales by approaching international customers. Oesterle et al. (2013) suggested that the reason behind the internationalization of the firms is to increase the monopolistic effects of the business, to address the deficiencies in the internationalized market, to take the industrial and economic leverages, increase the organizational learning, enhance operational flexibility and to seek the place in the international market. Assaf et al. (2012) found that the firm's globalization in the international market is one of the critical factors of the business strategies for the firm's survival in the hypercompetitive marketplace.

The Uppsala model was one of the models that has been used in the study while forming the conceptual model (Johanson & Vahlne, 1977; 2009). The model has two parts: patterns of internationalization and model of internationalization. The model focused on the gradual, incremental, and dynamic process of internationalization of firms. There are two patterns of internationalization which are the establishment of chain and psychic distance chain. The establishment of the chain includes four stages: exports through agents, sporadic export, productivity subsidiary, and commercial subsidiary. The entry of foreign markets is always progressive and sequential, characterized by higher input, and grows with market commitment. Each stage is different from the other stage based on the knowledge of a specific market. The first stage deals with the internationalization processes related to marginal market knowledge. The other stages deal with the increased knowledge

and growing inputs in the international market, which is higher in risk. The psychic distance chain is the sum of factors that can prevent the flow of information to and from the market, like business practices, the culture of a foreign country, education, and industrial development. Researchers argued that the bigger the psychic distance between the domestic and international markets, the bigger the effort to collect and interpret the knowledge.

Johanson and Vahlne (1977; 2009) argued that in the first place, firms extended their operations in that market which is the best fit for the firm in resource character and cognitively than the poor fit. Therefore, the decision of the firm to enter a market does not depend upon the location but depends upon the former commitment intensity in the international market. The internationalization model is next to internationalization patterns, the second important part of the stage model. Johanson and Vahlne (1977) argued that the stage model of internationalization contained the state aspects related to the market knowledge, market commitment, current activities, change aspects, and commitment decisions. These variables are interdependent and have a strong correlation. The growth of international firms increased with internationalization. The small and large size firms increase their foreign activities through the progressive stages of the international model. Johanson and Vahlne (1977, 1990; 2009) mentioned that firms' knowledge is acquired with time. It increases the commitment and growth of the firm over some time.

Gross and Huang (2011) stated that pre-internationalization is an essential factor and stage of internationalization. Pre-internationalization deals with the internal and external opportunities and challenges of the firm. These internal and external challenges and opportunities include government support and firms'

abilities. Schwens and Kabst (2011) observed that for the successful internationalization of the firm, the firm leaders must obtain the required commitment and capabilities in the internationalization stage. Uppsala's internationalization process model (1977) viewed that knowledge and learning are coupled with the growing market commitment and creation of opportunities.

Ruzzier and Ruzzier (2015) argued that the firm size also influences the internationalization of the firm. It could be the administrative structure of the firms. They further argued that it is perceived that small-size firms are a handicap in exporting. In literature, firm size is frequently used for the number of employees and sales volume. Dass (2010) argued that firm size influenced international operations. He argued that a large company has size-related advantages while engaging in international operations. Gemunden (1991) suggested that there is a positive link between firm size and export growth.

Various scholars have favored the internationalization of family firms and mentioned that firms developed gradually through the development stages that include firm size and age. Majocchi, Bacchiocchi & Mayrhofer (2005) verified the positive relationship between the firm size and export performance. Large family firms tend to have higher export sales and better performance ratios as they internationalize. (Babakus, Yavas & Haahti, 2006)

Williams (2011) study focused on the firm's age and highlighted that the firm's age also influences the ability of exports. Fletcher and Harris (2012) stated that “firm age” is known as the duration of the firm's internationalization experience in literature. Johanson and Vahlne (1977; 2009) argued in the Uppsala model about the positive link between the firm's international experience (firm age) and potential

learning and performance. Storey (1994) argued that the proportional growth rate declines with the age of the firm. The older firms have more probability of survival than the younger ones in the international market.

Kumar and Siddharthan (1994) argued that high research and development efforts tend to create a high proportion of export and help firms internationalize. Pla-Barber and Alegre (2007) also stated that firms' research and development (R&D) factors positively influence the internationalization of any business.

The international theory and international new venture model were also extracted from the literature to understand the firms' experience, knowledge, growth, and international development (Buckley, 1993; Oviatt & McDougall, 1994). Buckley (1993) stated that the market characteristics like growth and competition level help increase the firm's international activities, which are extracted from the international theory. The international new venture theory stated that knowledge-based assets and products have higher inputs in firms based on firms' research and development expenses. The firm's management is willing to invest a significant amount in research and development, which assists in capturing the larger market and accelerating their sales through the expansion of the firm in the international market. Zahra (2003) posited a significantly positive relationship between education, international experience, perceived benefits, market knowledge, and risk propensity (Zahra, 2003; Game & Apfelthaler, 2016). Where Zahra (2003) and Game & Apfelther (2016) suggested that R&D intensity plays a significant roleplay in the firm's internationalization process there, Tan and Meyer (2010) studied the impact of employees' international experience. The scholars found a positive relationship

between the international experience of the employees and the internationalization of the firms (Tan & Meyer, 2010).

Similarly, Kalinic and Forza (2012) considered that knowledge is crucial for the firm's internationalization. Brennan & Garvey (2009) also suggested that knowledge intensity affects the internationalization process (Brennan & Garvey, 2009). Like Tan and Meyer (2010), Casillas et al.'s (2007) research proposed that the understanding and the knowledge of the leaders in the international market follow the sequential process of the internationalization process as mentioned by the Uppsala model. Likewise, D'Angelo D'Angelo, Majocchi, Zucchella & Buck, (2013) studied another aspect of internationalization. They demonstrated that the “international engagement” of the firm is a critical element of the successful internationalization of any firm.

Magnusson and Boggs (2006) found that firms that have CEO with international experience have high international sales and assets. Black, Gregersen & Mendenhall, (1992) stated that firms with international work experience have more competitive advantages globally. Sambharya (1996) found the international experience of employee influence the global strategic functions: 1) coordination and control, 2) successful planning and management development, 3) flow of information and exchange between parent firms and affiliates. Carpenter et al. (2001) argued that firms with international experience are better in financial performance. Westhead, Wright & Ucbasaran, (2002) argued that financial resources have competitive advantages in the international market.

2.3. Antecedents of Internationalization in Family Businesses

Arregle, Naldi, Nordqvist & Hitt, (2017) suggested that the precise nature and extent of the family businesses internationalization increased attention. Welch and Mantymaki (2014) stated that internationalization is a process in nature. Internationalization is 'the process of increasing involvement in international operations' (Welch & Luostarinen, 1988, p. 36). This phenomenon can be understood through the firms commencing related to the first entry or investment on the more resources post entry in the business activities. These business activities are usually cross-border business activities. These activities broaden the array and use of operations modes for the internal market (Holmes Hoskisson, Kim, Wan & Tim, 2018). It means that family businesses obtain a large amount of revenue from the international market trade, with many foreign customers and the broadening of the foreign countries where the firm operates.

Kaplan and Orlikowski (2013) stated that internationalization is the evolutionary and cumulative process that depends upon history and still progressive, long term, and opened within a firm and engaged in the past, present, and futures construction and reconstruction of the firms.

Alessandri et al. (2018) explained that choices in family businesses change over time and eventually are missed until further generations. However, Calabro, Brogi & Torchia. (2016); Mitter and Emprehtinger (2016) view that family-rated factors like family trust, decision making, and long-term orientation travel across the generations and are considered positive indicators of internationalization of family businesses. Moreover, Colli et al. (2013); Hewapathirana (2014) highlighted that “family-like” and family relationships are helpful in the generation of trustworthy

relationships within the foreign market. To elaborate, the family businesses' tendency to promote trustworthy relationships with a few foreign partners is better than creating new networks. Thus, it creates limited opportunities and can potentially cause the loss of possible international opportunities for the family businesses (Kontinen & Ojala, 2011).

Scholes, Mustafa & Chen (2016) found that family businesses firm's efforts for internationalization may suffer them in the centralized decision making, conservative, risk aversion, and lack of capabilities and resources. Graves and Thomas (2008) argued that in family businesses, the high level of family ownership and high involvement in the management operations stemming the negative questions to the family firms. Zahra (2003) suggested that family businesses firms are engaged in ongoing international activities in which firms deal with the already acquired resources like knowledge of the international market and capabilities like expertise and international experience. These efforts place a sustainable position of the family businesses in internationalization. Previous researchers also found that family businesses developed through human capital by increased professionalism, resources, and international experience (Arregle et al., 2012; D'Angelo et al., 2016; Yeoh, 2014). Several studies emphasized the increase of the human capital in the family businesses, like a family manager having advanced international work experience (Majocchi et al., 2018; Tsao, Wang, Lu, Chen & Wang, 2018). Block (2012) found that family ownership decreases R&D intensity, whereas the lone founder positively affects the R&D intensity and enhances the R&D productivity.

In contrast, Piva, Rossi-Lamastra & De Massis. (2013) stated that family businesses should focus on the research and development of the products and

services with the new high technology, innovation, and production of high-quality products. Fang, Kotlar, Memili, Chrisman, & De Massis. (2018) suggested that later generations in the family businesses increase the family businesses internationalization propensity. The family businesses owned by the founding generations are more concerned and willing for the internationalization of the business, parallel with the utilization of the knowledge experience, research and development investment resources (Yildirim-Oktem, & Selekler-Goksen, 2018). The family-owned business firms are involved and influence the network (del Carmen Briano-Turrent, & Poletti-Hughes, 2017), international market knowledge, and family and non-family business firms (Basly, 2007). Family business firms possess sufficient international knowledge in the pre-international stage (Cesinger et al., 2016). Family firms accumulate knowledge slowly, and therefore, family business firms are more reluctant to enter new relationships (Boellis, Mariotti, Minichilli & Piscitello, 2016). Family business firms defined their strength with the frequency of formal and informal interaction through personal meetings, informal communication, or close relationships.

2.4. Conceptual Framework

In literature, four main models of internationalization exist that include; a) "The Uppsala model" (Johanson & Vahlne, 1977, 2009); b) "The resource-based view model"; c) "the network model, "d)"the ownership, location and internalization model" (OLI) (Javalgi & Todd, 2011; Kontinen & Ojala, 2010). The current research proposed model is based on the internationalization process theory (Johanson & Vahlne, 1977; 2009). Uppsala Internationalization Model (Johanson & Vahlne, 1977;

1990; 2009), Stage theory of Internationalization (Johanson & Vahlne, 1977; 2009), and International New Venture model (Oviatt & McDougall 1994) are considered for current research. These are the sequential series of internationalization theories (Johanson & Vahlne, 1977; 2009). The examinations of the various theories of the international firm help understand the different factors that can influence establish sustainable international firms.

The Uppsala model (Johanson & Vahlne, 1977; 2009) focused on the gradual acquisition, integration, and effective use of the international market knowledge (Johanson & Vahlne, 1977; 2009). This model suggested that lack of knowledge of the foreign market is the major obstacle in developing and implementing the operation in the international market. This type of knowledge can be acquired through foreign operations. Uppsala model is a self-reinforcing cycle of knowledge acquisition increased market commitment and risk reduction. The increased knowledge and experience of the foreign market positively influence the commitment to the foreign market and lower down the transaction cost and perceived risks. The growth of the family firm exports increased with internationalization. An export strategy is the international market entry mode strategy used by the family firms. The firms internationalize their organizational activities through progressive stages (Bilkey & Tesar, 1977; Reid, 1983).

The stage model of internationalization discussed the sequential move of the firms through the different stages of internationalization development stage: no interest in export, progress through export, and foreign direct investments (FDI) like joint ventures or owned the total subsidiaries for both sale and production purpose (Hertenstein, Sutherland & Anderson, 2017). In this stage model, the higher level of

the stage represents more knowledge, experience, and involvement than the lower stage of the model. Each stage involves more demand of commitment than the last stage. Cavusgil (1984) argued that the degree of internationalization is classified for the firms that include: active exporters, experimental export, and committed exporters. He further explained that saturation of the local market is a driving factor for the firms to seek the foreign market as committed exporters.

Oviatt and McDougall (1994) gave the concept of an international new venture model. This emphasis on the firm's global vision from the innovation of new product, inception through a strong network and manages the strong attention towards the global sale growth (McDougall, Shane & Oviatt., 1994; Moen & Servais, 2002). The transaction costs of the firms are also incurred by doing international business. Also, the transaction costs lower down because of the communication and transportation costs for the international market. The decrease in the transaction cost leads to the unique assets that become the critical internal advantage and help the family firms go international.

Buckley and Casson (1976) added that "international theory is based on the inability of external markets to value certain types of intangible assets like knowledge and experience. This factor causes firms to internalize so that assets are transferred through internal markets rather than external markets. Firms wish to protect all these intangible assets on the one hand and exploit them through sales in the larger market on the other hand". Buckley (1990) suggested that firms expand in the international market when the domestic market costs of expansion are higher than the international market expansion.

The Uppsala and stage model discussed the underlying nature of variables like firm characteristics, market environment characteristics, and management characteristics in internationalizing firms' transaction costs (Chandra, 2017; Ramoglou & Tsang, 2016). The international new venture discussed the knowledge-based products to firms that are generator from the high research and development intensity and internationalize more efficiently because of the excellent nature of products. In contrast, the international theory focuses on industrial economies and industrial characteristics (Hertenstein et al., 2017). Based on the above theories, the present research focuses on addressing the firm size, firm age, research and development intensity, family ownership, and international work experience of executives directly influencing the internationalization of family firms.

Firm size has been one of the commonly analyzed internationalization antecedents (Roida & Sunarjanto, 2012). Large companies benefit from their advantages over the smaller firms at the international operations. In contrast, the smaller firms suffer from the lack of technological, financial, and human resources. (Dass, 2010; Esra Karadeniz & Gocer, 2007; Graves & Shan, 2014) Large firms can also benefit from the economies of scale, which can create a cost advantage for large firms over small firms. Thus, the large firms can offer lower prices in the international markets and gain an advantage over the small firms in international activities and increase their domestic and international sales. (Gemunden, 1991; Tsao & Lien, 2013)

H1: Firm size is positively associated with the internationalization of family businesses.

Firm age is another variable discussed in the current research as an antecedent of internationalization. Firm age is usually considered from its establishment. Firm age has been widely analyzed as an antecedent of internationalization in different studies, including the Uppsala model (Johanson & Vahlne, 1977; 2009). This model suggested that the firms increase their presence in the foreign market with time and commitment while gaining international knowledge and experience in the international market. The acquisition of knowledge reduces the perceived risk in the different operations in the international market (Schweizer, 2012). The experience with the substantial gains over the years helps a firm overcome many obstacles and increase the survival chance of the firms in the competitive environment of the international markets. (Ruzzier & Ruzzier, 2015) Older firms also benefit from the network and relationships they have built over the years and their firm reputation and stability in their international activities. (Osunsan, Nowak, Mabonga & Pule, 2015)

H2: Firm age is positively associated with the internationalization of family businesses.

The firm's research and development intensity (R&D intensity) is associated with the technology level of the firm. International new venture theory addresses the firms' knowledge base products and services generated through the high R&D inputs (Pukall & Calabro, 2014). Firms spend many budgets on R&D expected to receive the return in the form of the investment by occupying the large market and accelerating further international expansion (Kuo, Kao, Chang & Chiu, 2012).

Researchers observed that family firms with high technology based on research and development are more expanded in the international markets. The high level of intangible assets in the firms is related to the high level of internationalization and reasonable return (Bukley & Casson, 1976).

H3: Research and development intensity is positively associated with the internationalization of family businesses.

The involvement of the family and its share in the ownership and the influence of these on the internationalization of a family firm is an important and well-researched topic. However, the direction of the association is inconclusive since there is not yet a consensus about the association of family ownership with internationalization in the literature. (Tsao & Lien, 2013; Zahra, 2003). In developing countries such as Turkey, the presence of the family in the company and the families usually own the majority of the shares and manage the firm (Kayaci and Ataay, 2020). This organizational structure gives family members great control over the entire firm as they work in key positions.

This high involvement and commitment to the firm drive family members to design, execute or adopt the best strategies for the family businesses. Zahra (2003) stated that the high ownership motivates the family members to focus on the internationalization and the long-term performance of the family businesses. Casillas et al. (2010) define internationalization as a crucial strategy for family businesses to perform and even survive in the competitive market in the long run. Although some studies mention that the family members in management can react cautiously to the

changes and act risk-averse, the family members can appreciate the risks of internationalization to create wealth for their family by exploring new markets and increasing sales revenues and, more importantly, to keep the other family members and next generations interested in the family businesses. Internationalization becomes more critical as the succession of the firm moves to the next generations. (Zahra, 2003; Okoroafo, 1999, Xi et al., 2015) Mitter and Emprechtlinger (2016) shared that the family-related aspects such as family trust and long-term orientation move from a generation to the next in the family businesses, and these aspects have been considered as the positive indicants of internationalization in family businesses.

H4: Family ownership is positively associated with the internationalization of family businesses.

Game and Apfelthaler (2016) suggested a variety of antecedents that positively influence the performance and internationalization of family firms. These factors include education, commitment, perceived benefits, market knowledge, and international experiences. Gray and McNaughton (2010) demonstrated that the international experience of an individual firm could generalize and systematize the international knowledge of the internationalization of the family firm. The international experience of firm executives reduces the risk level and level of uncertainty while making the decisions related to the foreign market (Blomstermo, Eriksson, Lindstrand & Sharma, 2004; Armario, Ruiz & Armario., 2008; Fletcher & Harris, 2012). Gomez Gomez-Mejía, Makri & Kintana (2010) investigated that; leaders of family firms usually lack international experience. They wanted to

maintain control over the firm and avoid risky decisions by not hiring the non-family manager that has international experience that results in the form of low international performance (Banalieva & Eddleston, 2011)

H5: International work experience of executives is positively associated with the internationalization of family businesses.

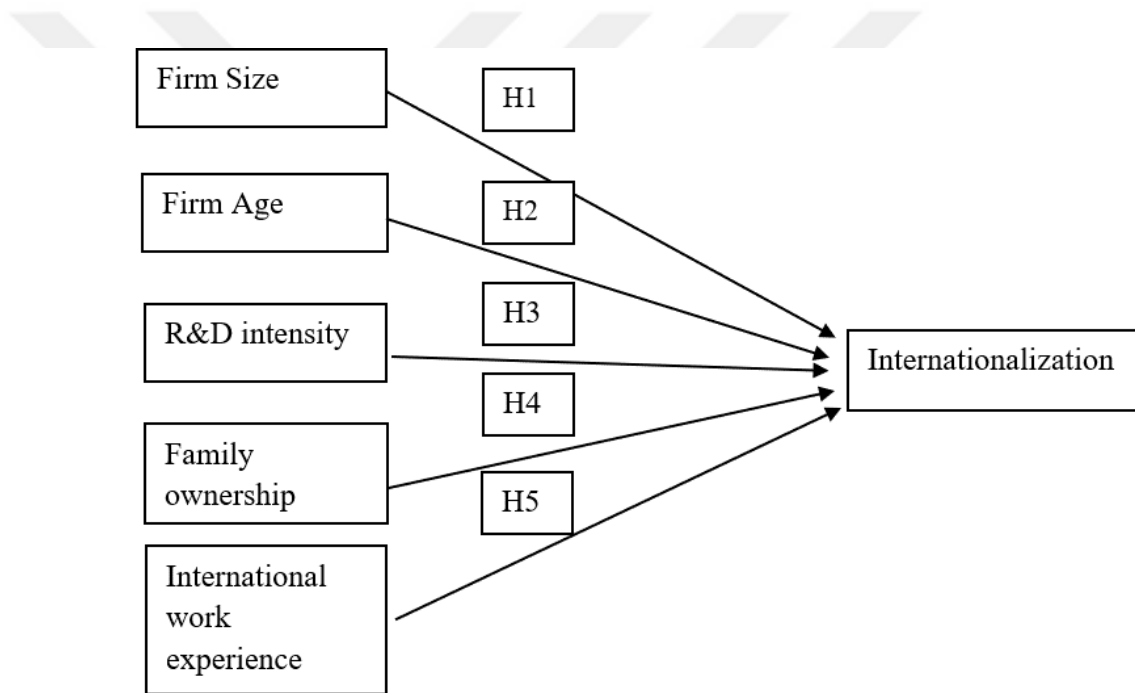


Figure 1. Proposed conceptual framework

2.5. Research Context

Ataay (2010) stated that family businesses are considered the most important economic actor in developing and developed countries. Khana and Rivkin (2001) argued that the family business literature has focused on the family firms of developed countries, which are stand-alone companies. However, family business

firms in emerging countries are also crucial in the economic context. Family business companies of emerging countries like "Korean Chaebols," "Taiwanese guanxi," "Latin American groups economics,' Indian business houses' and "Turkish holding companies" are examples of family businesses.

Colpan and Geoffery (2016) argued that Turkish family business firms had become the dominant actor of the Turkish economy after the liberalization of the economy in the 1980s. Family firms hold more than 90% of the total firms in Turkey (Can et al., 2016). Family business groups are highly dominant, but there are also several standalone family businesses, primarily small and midsize enterprises. They cover a significant share of the total economy in Turkey (Esra-Karadeniz & Gocer, 2007).

Erdilek (2008) stated that Turkish family business firms utilize the “knowledge and experience” inward for internationalization to get an outward result in the form of ‘internationalization.’ Knight and Cavusgil (2004) noted that Turkish family businesses showed the incremental approach for internationalization also during the economic liberalization era. Koc Holding was the first Turkish internationalized business group. These firms develop their own learning experiences. Amsden (2009) researched Turkish family businesses and their internationalization process and suggested that Turkish family business firms could use valuable resources to enter multiple industries and further internationalize swiftly.

The majority of Turkish family businesses are family-controlled companies (OECD, 2017). Half of the top 100 are family-affiliated corporate firms (ISO, 2016

as cited in Angulo-Guerrero et al., 2017). Most family business firms are owned and controlled by reputable Turkish families (Colpan & Jones, 2016). In this stance, families own the majority of the firm's shares. Kayaci and Ataay (2020) studied the shares and significant positions of the family firms and stated that most Turkish family business firms are under the ownership of the same family members; therefore, family members are prominent in the board meeting and executive positions. Also, the family members own the business shares of the firm and have control over the firm's significant operations (Kayaci & Ataay, 2020). While Peng & Yi (2010) specified that family ownership controls the institutional environment of the firm in the emerging markets, and the underdeveloped market structure cannot support the firms that have a minority of shareholders (Peng & Yi, 2010). In this context, the institution base constraint can be seen in the family-owned business. The availability of valuable resources has competitive advantages for the family businesses in Turkey. These resources are accumulated throughout the struggle of years via the ownership of reputable families because these families have direct control over management and business operations on the national and international marketplace (Kayaci & Ataay, 2020).

Khanna and Yafeh (2010) argued that Turkish family businesses are the archetypal example of diversified and large business companies. Kayaci and Ataay (2020) further demonstrated that family businesses in Turkey have a pyramidal structure in which family ownership is crucial. The family ownership shaped the strategies and operations for the firm's internationalization for several years (Kayaci & Ataay, 2020). Gu et al. (2019) argued that family business firms in Turkey expand

their businesses by accumulating long-term business strategies because the families own businesses. Therefore, they wanted to increase their family wealth and expand the business to the next generation within the family (Chung, 2013). Colpan and Jones (2016) found that family businesses in Turkey are usually founded with the vision and mission of entrepreneurial activities, motivating, sustaining, and involving the family children in business management. Purkayastha et al. (2018) argued that family members who are executives and board members play a significant role in the strategic decision-making for the internationalization of the family business. They also take highly precarious choices for the R&D operations of the company. Chittoor et al. (2015) view that as compared to entrepreneurial family ventures, big-sized family business firms use their reputation and financial strengths to their advantage and expand their businesses in domestic and international markets.

Ataay (2012) stated that Turkish family business firms are the developed countries' partners' partners. These strategic alliances provide competitive advantages, valuable resources, and knowledge of the international market (Purkayastha et al., 2018). This situation is an ownership advantage of the family business firms for the international expansion. Similarly, Karaevli (2008) research identified that family business firms in Turkey expand in the domestic market by choosing unrelated diversified strategies considering the risk market. Luo and Wang (2012) argued that family business firms in Turkey and their affiliates access the managerial, technological, and product development capabilities with effective coordination. They can utilize these capabilities for future investment to grow in both the domestic and international markets. Luo (2000) demonstrated that the family

business firms could integrate dynamic abilities to prosper; these abilities include the usage, creation, and development of the business core competencies. Scholars highlighted that organizational resources could create the mentioned abilities and competencies. The family firms can emerge with the affiliated firms by creating a pool of resources.



CHAPTER 3

METHODOLOGY

The focus of the present research was to analyze the antecedents of internationalization in family firms. The hypotheses were formulated from the previous literature and theories. The study aimed to analyze how firm size, firm's age, Research and Development intensity (R&D intensity), family ownership, and international work experience of executives associate with the internationalization of family firms in Turkey. After formulating the problem statement, it is essential to understand how the current research was carried out. The research method occupied a special place in the assessment of the research problem. Research methodology helps the researcher formulate the research problems and collect the data to find the solutions for the research problem. The present chapter provides information about how the research was carried out to study the antecedents of internationalization in family firms.

3.1. Research Approach

The research philosophy is a set of beliefs that addressed the research problem and solution (Creswell, 2013). The present research is positivist research in which no personal interference was drawn before. Positivist research is the one that includes the factual, logical, and historical background of the research. This factual and logical information is collected through sensory experiences, observations that are measurable and trustworthy. Positivist research is deductive and focuses on already existing research and theories to formulate a new hypothesis. In the current study, the

directional hypothesis was formulated with previous research and theories. The deductive research approach has more formal and fact-based knowledge of information. Therefore, the current research design is explanatory. A research design is the research road map or blueprints that help researchers conduct a research study. The research design provides the bridge between the research hypothesis or questions, research techniques, and strategies used to address the research problems or test the hypothesis. The explanatory research designs are used as the sources of data according to the research orientation and questions. The explanatory research design is effectively used for the generation of the research solution in detail. In an explanatory research design, the researchers defined a research structure that has the flexibility to change. The explanatory research designs were used to study the association between the variables. Therefore, researchers used open-ended questionnaire sources for data collection to test the research hypothesis in current research.

3.2. Variables and Measures

In the current research, internationalization antecedents include firm size, firm age, Research and Development intensity, family ownership, and international work experience of executives. The data pertain to 2019.

Independent variables:

Firm size: Size was measured by the number of employees.

Firm age: Age was measured by deducting the year that the firm was established from 2020.

R&D intensity: Research and development intensity was measured by the ratio of R&D expenditure to the company's total sales.

Family ownership: Family ownership was measured by the family's shares in the firm's total shares.

International work experience: International work experience was measured by taking the value 'yes' as one if at least one key manager had foreign work experience. If the answer is 'no' the value will be taken as zero. This measure is derived from the study of Tan and Meyer (2010).

Dependent Variable:

Internationalization: Internationalization was measured by the percentage of export revenue in total revenue and the percentage of products/services sold abroad in total products/services sold. The data pertain to 2020. Internationalization measure was obtained by taking the mean of these values.

3.3. Sample and sampling strategies

The sample is the subset of the population. The population is the set of participants with similar and unique characteristics (Creswell, 2013). Welman and Kruger (2001) stated that "population is the full set of elements that may include individuals, groups, organizations, human products, and events from which a sample can be drawn to generalize results for the entire population." The sample is known as the sub-set of the main population. The population used in research is a subset of the target population chosen for the current study. The population is actually about the totality of all the observations from which data is collected for the research. Due to multiple reasons, it is difficult to collect the data from the large population because

of the time constraint, cost, and other issues. Therefore, the representative part of the population is undertaken for the research (Bryman & Bell, 2015). The selection of the sample size is another careful consideration in research. However, it is very time-consuming and expensive to test the whole population; researchers rely on sampling for this purpose. The sample is a subset of the population. It represents the entire population and depicts the same behavior as a larger population. "Sampling is the process of selecting a group of subjects for a study in such a way that the individuals represent the larger group from which they were selected" (Onwuegbuzie & Leech, 2005).

In the current research, convenient sampling techniques were used to collect the data. The convenient sampling technique is used based on the personal convenience of the researcher. This method is primarily used in social science research. The researchers mostly prefer this sampling technique when there are time and cost constraints (Schwab, 2013). The questionnaire was sent to the 312 firms which are members of Turkish firm associations: BEYSAD (White Goods Suppliers Association), TAYSAD (Automotive Suppliers Association of Turkey), ITKIB (Istanbul Textile and Apparel Exporter Associations), and to some other personal contacts. Out of 312, only 145 responses have been collected from Turkish family firms' personnel. 43 responses out of 145 are filtered because those respondents were not from family businesses. Finally, 102 questionnaire responses were used for the tests. The response rate was 32.6%. It was achieved after the phone calls to increase the response rate at a limited time.

3.4. Data collection

The data collection provides information about how research data was collected from the sample. There are two types of data collection methods used in research studies: primary data collection and secondary data collection method. However, in current research, primary data was used to test the hypotheses. The primary data collection method is known as the first-hand data collected directly from the sample. It is also known as raw data because no analyses were applied to that data. This data is collected through the questionnaire, survey method, observation, or interviews for the first time. This method is considered the first source of data, which is more reliable for decision-making and provides intact information about the event or observation. There is a limitation of the primary data, which is its lack of authenticity.

The researchers overcome this problem by administering the self-reported questionnaire to the sample through the survey method. In the current research, data was collected through a convenient sampling method. The questionnaire was constructed in Google Forms and was sent to the 312 firms via e-mail at first. The topic of the research and information on the researcher mentioned. Briefly, confidentiality has been guaranteed, and the link to the online questionnaire was included in the email. Then the researcher contacted some of the firms to remind and request for their return kindly. The survey included 20 open-ended questions. The survey can be found in Appendix A.

3.5. Data analysis

SPSS© Statistics Version 27 was used to test the research hypotheses. The normality of the variables was checked by using the skewness and kurtosis values as suggested by Tabachnick & Fidell (2013). This analysis showed that firm size, and R&D ratio variables were not normalized. The normality graphs and histograms revealed the existence of outlier values which disrupted the normalization. In order to normalize the data and perform regression analysis, these outliers were eliminated from the study. A total of 5 responses were eliminated from the initial sample of 102 responses. 2 responses were eliminated as they have included an outlier value for firm size and three responses were due to an outlier at the R&D expenditure ratio value. The normality of the final dataset was rechecked, and 97 responses were used in the study for further analysis.

CHAPTER 4

ANALYSIS AND FINDINGS

The characteristics and demographics of the sample presented in the next section, followed by the correlation and regression analysis. Furthermore, hypotheses depicted in the second chapter will be tested with bivariate correlation and linear regression analysis. The characteristics and demographics of the sample presented in the next section, followed by the correlation and regression analysis. Furthermore, the relations between the concepts have been analyzed and interpreted using bivariate analysis and existing theories and models. Finally, hypotheses depicted in the second chapter were tested by bivariate correlation and linear regression analysis.

4.1. Descriptive Statistics

The following table provides information about the frequency and percentage of the few firm-level characteristics of family businesses in Turkey.

Table 1: Descriptive Statistics of The Sample

Variables	f	%
Working in a family business firm	97	100
Member of the owner family		
Yes	55	56.7
No	42	43.3
Company Headquarter		
Major Cities	63	65
Others	34	35,0
Number of subsidiaries		
None	76	78.4
1	18	18.5
2	2	2.1
6	1	1
Type of related family business		
Manufacturing firm	8	8.2
Sales firm	20	20.6
Both	10	10.3
None of them	59	60.8
Job Position		
Board member and Owner	14	14.4
General Manager	23	23.7
Business & Development Manager	10	10.3
Export Manager	8	8.2
Finance manager	2	2.1
Sales and marketing professional	39	40.2
Manufacturing and HR	1	1
Owner or key manager international experience		
Yes	46	47.4
No	51	52.6

The research only focuses on family businesses, so the respondents from non-family businesses were excluded, as stated in the previous chapter, due to which frequency of the respondents that work in a family business is equal to the total sampling population. The data shows that most firms have their headquarters in the major cities of Turkey, Istanbul, Bursa, Izmir, Ankara. Bursa was included in the

major cities category since it is considered the heart of the automotive industry and one of the major industrial cities of Turkey. The rest of the headquarters of family firms were located in various cities, including some cities that can be considered industrial cities. These are Manisa, Kocaeli, and Kayseri. The majority of the family firms in the study reported that they do not have any subsidiaries abroad. In contrast, 21.6 % of the firms have at least one subsidiary abroad. Only a single firm stands alone as more internationalized than the others in terms of the number of subsidiaries with six subsidiaries abroad. The majority of family firms that participated in the study do not have any related firms abroad. The rest of the participants reported that their firms have at least one related sales or manufacturing firm abroad. The table above shows that firms in the study are related mainly with the sales firms abroad than the manufacturing firms. Most firms in the study have operations in Turkey and sales activities abroad. Family businesses in Turkey tend to have more relations with sales firms abroad than manufacturing firms. The respondents were from different positions and levels of the family firms, including owners and key executives. The table also shows that almost half of the firms have at least one owner or critical manager with international experience.

Table 2: Descriptive Analysis of Study Variables

	Minimum	Maximum	Mean	Std. Deviation
Firm size	6	661	179.19	154.14
Firm age	3	55	28.03	11.15
Family's share	32	100	87.67	19.55
Local partner's share	0	65	8.45	15.77
Foreign partner's share	0	40	3.18	9.32
Total assets	4000	2928312	252103.54	453620.70
Total sales	3000	2232100	197818.18	313502.13
Ratio of R&D expenses to total sales	0	3.8	1.06	0.79
Percentage of export revenue in total revenue	0	98.0	39.47	21.25
Percentage of products/services sold abroad in total	0	96.0	39.39	21.93

Note= Total assets and Total Sales have been stated in thousands TL

The firm's firm size in the sample varies from a minimum of 6 employees to a maximum of 661 employees with a mean of 179 and a standard deviation of 154, as shown in the table above. This result indicates that most of the participants were a part of small and medium-sized family firms. Family firms in the sample are, on average, 28 years old with a standard deviation of 11.05. R&D intensity shows that the family firms in Turkey spend on average 1.1 % of their total sales to the R&D activities concerning the mean of 1.1 % and the standard deviation of 0.8 %. The data showed that some of the family firms do not export, whereas others almost export their exclusive products. Firms in the sample generated, on average, 39.47 % of their revenue from export activities with a standard deviation of 21.25. The data also shows that the percentage of export revenue to total revenue and the percentage of products/services sold abroad in total products/services sold have similar mean and standard deviation values as they were in line with each other.

4.2. Correlation Analysis

The Pearson bivariate correlation analysis was used to analyze the direction and the magnitude of the relationship between the study variables to test the hypotheses.

Table 3: Correlation Table

		Firm size	Firm age	R&D ratio	FO	IWE	INT
Firm size	Pearson Correlation	1	.349**	0.098	0.139	-0.066	.391**
	Sig. (2-tailed)		0.000	0.339	0.176	0.520	0.000
Firm age	Pearson Correlation	.349**	1	-0.112	0.188	-0.085	.221*
	Sig. (2-tailed)	0.000		0.274	0.065	0.410	0.030
R&D expenditure ratio	Pearson Correlation	0.098	-0.112	1	-0.015	-0.021	-0.058
	Sig. (2-tailed)	0.339	0.274		0.883	0.839	0.570
Family ownership	Pearson Correlation	0.139	0.188	-0.015	1	-0.134	0.006
	Sig. (2-tailed)	0.176	0.065	0.883		0.1921	0.951
International work experience	Pearson Correlation	-0.066	-0.085	-0.021	-0.134	1	-0.039
	Sig. (2-tailed)	0.520	0.410	0.839	0.192		0.708
Internationalization	Pearson Correlation	.391**	.221*	-0.058	0.006	-0.039	1
	Sig. (2-tailed)	0.000	0.030	0.570	0.951	0.708	
**. Correlation is significant at the 0.01 level (2-tailed).							
*. Correlation is significant at the 0.05 level (2-tailed).							

The correlation table shows that family ownership has no significant correlation with firm size, firm age, R&D intensity, international work experience, or internationalization. Firm size, on the other hand, demonstrated a significant positive correlation with firm age. Firm size is also the dependent variable that has the highest positive correlation with internationalization. Firm age also has a significant positive correlation with internationalization. Other dependent variables have no significant correlation with the internationalization or any of the other independent variables. International work experience negatively correlates with the other variables except for the percentage of export revenue in total revenue. However, these negative correlations are not significant and weak. R&D intensity also has a negative correlation with the firm age, international work experience, and internationalization. However, these correlations were weak, and they were not significant as well.

The multicollinearity was checked for firm size and firm age, due to the high intercorrelation between these independent variables. Multicollinearity can be deceptive and might change the findings of the regression analysis. The association can be found statistically insignificant when it is significant. (Daoud, 2017)

Table 4: Multicollinearity Table

Model	Collinearity Statistics	
	Tolerance	VIF
Firm size	0,969	1,032
Family ownership	0,964	1,037
R&D Intensity	0,989	1,011
International work experience	0,980	1,021
a. Dependent Variable: Firm age		

The variance inflation factor was measured for each independent variable and the model was checked for the multicollinearity. The results of the test showed that, the VIF was low and there is no multicollinearity. Multiple regression can be performed for the research.

4.3. Regression Analysis

The linear regression analysis was used to analyze the association between the antecedents and the internationalization of family firms.

Table 5: Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Change Statistics				
					R Square Change	F Change	df1	df2	Sig. F Change
1	.415 ^a	0.172	0.127	19.8131	0.172	3.790	5	91	0.004
a. Predictors: (Constant), Does at least one of the owners or key managers of the firm have international work experience?, RDRatio, FirmSize, What is the ownership proportion of your firm?(2019), FirmAge									
b. Dependent Variable: Int									

Table 6: Coefficients Table

Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.
	B	Std. Error	Beta		
(Constant)	34.422	10.995		3.131	0.002
Firm age	0.173	0.198	0.091	0.872	0.386
Family ownership	-0.072	0.106	-0.066	-0.677	0.500
Firm size	0.052	0.014	0.376	3.641	0.000
R&D intensity	-2.307	2.590	-0.086	-0.891	0.375
International work experience	-0.705	4.076	-0.017	-0.173	0.863

a. Dependent Variable: Internationalization

The regression model was statistically significant with an Adjusted R Square of 0.127 and $p < 0.05$. The findings showed that firm size has a significant positive association with the internationalization of family businesses. The findings were in line with the previous research and the Stage theory of internationalization which have also stated a positive association between firm size and internationalization. This analysis data indicates that for each increase with a value of 1 in the firm size, internationalization of the family businesses increases by 0,052.

However, according to the regression analysis findings, the rest of the independent variables, including firm age, R&D intensity, family ownership, and international work experience, have no association with the internationalization of family businesses. These associations were not verified, and the research did not support the related theories that these variables derived.

According to the findings of the descriptive, correlation and regression analysis, H3 extracted from the model as the variance of the R&D intensity found

very low and insignificant. The model of the study revised, and post-analysis framework has been formed.

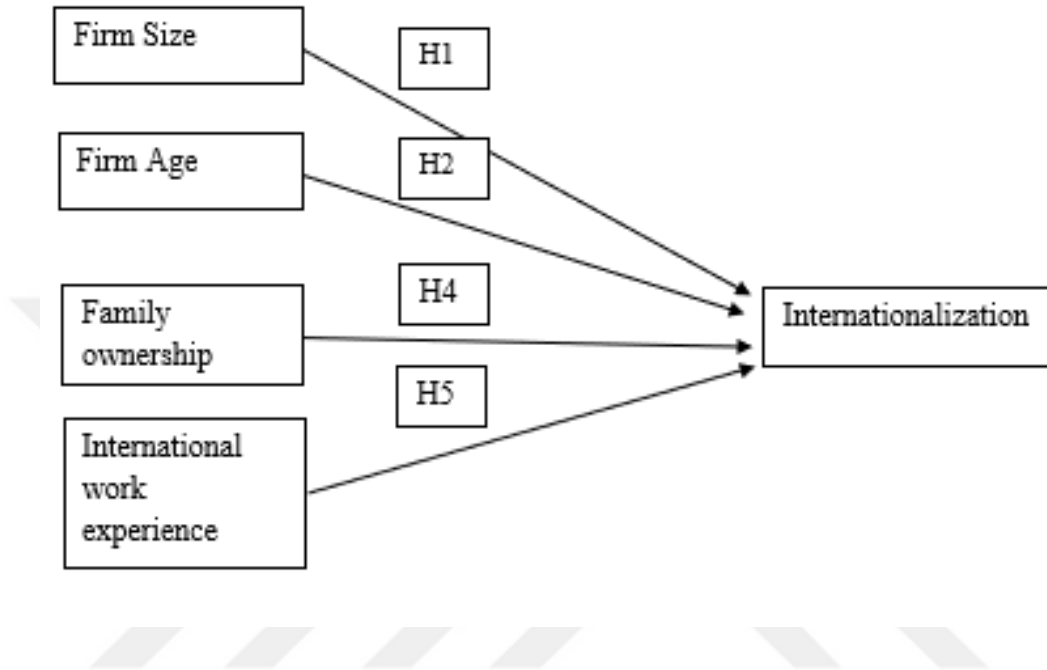


Figure 2. Post-Analysis model

The regression analysis conducted for the post-analysis model to analyze the change in the model and the association between independent variables with the internationalization.

Table 7: Coefficients Table of Revised Model

Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.
	B	Std. Error	Beta		
(Constant)	31,413	10,451		3,006	0,003
FirmSize	0,050	0,014	0,362	3,552	0,001
FirmAge	0,200	0,196	0,105	1,024	0,309
Family Ownership	-0,071	0,106	-0,066	-0,670	0,504
International Work Experience	-0,611	4,070	-0,014	-0,150	0,881

a. Dependent Variable: Int

The regression model was statistically significant with an Adjusted R Square of 0.129 and $p < 0.05$. The findings were in line with the previous regression model. The findings showed that firm size has a significant positive association with the internationalization of family businesses while other independent variables have no significant association. This analysis data indicates that for each increase with a value of 1 in the firm size, internationalization of the family businesses increases by 0,050.

4.4.T-Test Analysis

The t-test analysis was used to check the association of firm size and firm age with the internationalization. The firms are categorized into two groups as “larger” and “smaller” firms for firm size and as “older” and “younger” firms for firm age around the median.

Table 8: T-Test of Firm's Size and Internationalization

	Levene's Test for Equality of Variances		t-test for Equality of Means	Group Statistics		
	F	Sig.	Sig. (2-tailed)	SizeGroup	N	Mean
Equal variances assumed	3,022	0,085	0,000	Smaller	49	30,806
Equal variances not assumed			0,000	Larger	48	48,240

The results were distributed homogenously so we assumed the equal variances and the t-test for equality findings showed that there is a significant difference between the internationalization of smaller and larger firms.

Table 9: T-Test of Firm's Age and Internationalization

	Equality of Variances		Means	Group Statistics		
	F	Sig.	Sig. (2-tailed)	AgeGroup	N	Mean
Equal variances assumed	1,169	0,282	0,182	Younger	52	36,750
Equal variances not assumed			0,185	Older	45	42,533

The firms were distributed homogenously around the median of firm age, and the means were close. In addition, the t-test revealed that there is no significant difference.

Findings of the regression analysis and the t-test analysis revealed the same results. Among all independent variables used in the study, firm size was the only one associated with the internationalization of family businesses. Therefore, only H1 was accepted, and the following hypothesis were rejected; H2, H4, and H5. Results were summarized in Table 10.

Table 10: The Hypothesis Summary

Hypothesis No	Hypothesis Developed	Result
H1	Firm size is positively associated with internationalization of family businesses	Accepted
H2	Firm age is positively associated with internationalization of family businesses.	Rejected
H4	Family ownership is negatively associated with internationalization of family businesses.	Rejected
H5	International work experience of executives is positively associated with internationalization of family businesses	Rejected

CHAPTER 5

DISCUSSIONS AND CONCLUSION

The focus of the present research was to find out the antecedents of internationalization in family firms. The research aim was to understand how firm size, firm age, research and development intensity, family ownership, international work experience of executives associates with the internationalization of family firms in Turkey. Based on the study's analysis and results, it can be concluded that the firm size has a significant positive association with the internationalization of family firms in Turkey. At the same time, other independent variables, firm age, family ownership, R&D intensity, and international work experience, have no significant association with the internationalization of family businesses in the sample.

The research was designed to find out the antecedents of internationalization in family firms. The following independent variables have been derived from the previous research and theories. At the same time, internationalization was selected as the dependent variable. The quantitative research design, convenient sampling, and online survey method were used in the current study. The questionnaire was developed from the literature. The correlations and regression analysis were used to test the hypothesis.

Pearson correlation and regression analysis showed that the firm size has a significant positive association with the internationalization of family businesses, consistent with past research and the Uppsala model. Family firms can reach new

markets, gain new experiences, and reach more resources by growing and increasing their firm size. As they increase the number of employees, they will allocate more resources to international activities and gain a comparative advantage against the smaller firms in the international market. Eventually, this will increase the export revenue within the total sales revenue.

The analysis showed that firm age has no significant association with the internationalization of family businesses. As a result of which this study did not support the previous research. Storey (1994) and Johanson and Vahlne, (1977) Uppsala model stated that the older firms have more probability of survival and growth than the younger ones in the international market concerning their experience in the international markets. However, the study results showed that even young firms with limited international experience could benefit from internationalization. Younger family businesses might be able to internationalize quicker than older firms with conventional procedures. (Autio et al., 2000). This is also important for the performance of the younger firms, as they internationalize quickly their sales revenues grow rapidly. The results were in line with the study of Reuber and Fischer (1997), they have also stated no significant association between firm age and internationalization. International new business theory and the increase at the number of born global firms also helps to explain the results of the study. As the globalization accelerates young firms focus more on the internationalization and become more active in exporting activities than the older firms, these support the result of the study. (Ursic and Czinkota, 1989)

According to the study's findings, R&D intensity has no association with the internationalization of family firms in Turkey. The findings of this study were not in

line with the International New Venture theory or with the previous research of Esra Karadeniz and Gocer (2017). Therefore, this theory was not verified for this study sample and removed from the initial model. For these firms, the R&D activities and innovations are not critical to reach new markets or create a competitive advantage in the existing international markets. The R&D intensity was removed from the study's model after the findings of the analysis.

Family ownership has no significant relationship with the internationalization of Turkish family firms. Although the initial theory was not supported, the results were in line with the study of Mitter et al. (2014). They argued that those family firms with medium to low family influence are more active in international operations. Similarly to that, Muñoz-Bullón and Sánchez-Bueno (2012) have also stated that family ownership does not have a significant effect on the internationalization of family businesses. They further argued that it is an advantage for internationalization when the family's ownership share and involvement are not too extensive. Tung et al. (2014) stated that high family ownership firms are expected to internationalize more than low family ownership, but the actual results are the opposite. The study of Wasowska (2017) implies that family ownership hinders internationalization operations. However, non-family managers act more cautious and protective over the firm. However, professional high-level executives do not hesitate while taking risks, thus enhancing the chances of internationalization.

There was no significant association between the international work experience of the executives and the internationalization of family firms. This finding is in agreement with the result in the study of Tan and Meyer (2010). As

stated in the previous research, the owners or key executives might be focusing on gaining experiences in the international market to use the strategies for their domestic market when they return. Therefore, it might not be significant for the internationalization of the firm. The international experienced key executive or owner of the firm might recently joined to the firm, therefore it might not have an effect on the internationalization yet. In example, the second or third generation owner of the family firm with international experience might have joined recently, the effect of their experience might contribute to the family firm's internationalization later. The results indicate that Turkish family firms internationalization depends more on the aspects of business than the international business experience of the owner or key managers. The junior roles might have an international experience which can help family firm in the internationalization process. The export experience of the managers might have a bigger effect on the firm's internationalization process at the early stages of internationalization than the international work experience, the previous studies also stated that the export experience of managers has a positive effect on the internationalization process of the firm to support this. (Sala & Yalcin, 2012)

5.1. Limitations of the study

One of the limitations that future studies consider is that convenient sampling has been used in this study. Therefore, the sample is not representative. The results are not highly generalizable, so the results should be carefully considered and interpreted.

Another limitation was the sample size. The results could have been more comprehensive and could have been generalized with larger sample size. Some of the antecedents and the measures based on the perception questions were eliminated and not included in the study due to the small sample size. Large sample sizes are required to overcome this limitation and to get more accurate results.

The data was collected from the family firms only, non-family firms were excluded from the study. Therefore, the research did not include comparative analysis between family and non-family firms.

5.2. Suggestions for Future Research

Based on the limitation of the current research, future researchers can conduct this research in a more extended period by collecting more responses and creating a more extensive study sample. Thus, more generalized findings can be drawn.

A future study can be conducted on the comparative analysis of the family firms in two different countries or more to draw comprehensive findings. In addition, the firms can be selected from developing and developed countries for comparison.

Environmental variables and management variables can be included in the study to perform a more comprehensive analysis, such as international market knowledge, collaboration intensity, education level of the top management team.

The study can be conducted by collecting results from both family firms and non-family firms to make a comparative analysis.

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APPENDIX A: ONLINE QUESTIONNAIRE

Dear Participant,

This research will be used within the scope of Boğaziçi University, International Trade Management Master's thesis. The research is about the Antecedents of Internationalization in Family Firms. Your opinions are very valuable to us.

Your participation in this study is on a voluntary basis. Your name or any private information is not requested. The collected information will be used for scientific purposes only and will be kept confidential. It will not be shared with third parties or institutions.

Upon your request, the summary results of the study will be shared with you.

Thank you for your participation.

Are you working in a family business?:	<input type="checkbox"/> Yes	<input type="checkbox"/> No
Are you a member of the owner family?	<input type="checkbox"/> Yes	<input type="checkbox"/> No
Your position(s) in firm?	_____	
Which city is your company HQ located?	_____	
Where are your subsidiaries abroad? ;	_____ _____	
How many related firms do you have abroad?	_____	
How many of them are sales or manufacturing firms?		
Manufacturing firms:	_____	

Sales firms: _____
<p>What is the ownership proportion of your firm?(2019):</p> <p>Family's share: _____</p> <p>Local partner's share: _____</p> <p>Foreign partner's share: _____</p> <p>Other(Please specify): _____</p>
<p>What is the founding year of your firm?:</p> <p>_____</p>
<p>What was the total number of employees of your firm? (2019):</p> <p>_____</p>
<p>Total Assets? (2019): _____ TL</p> <p>Total Sales? (2019): _____ TL</p>
<p>Ratio of R&D Expenses to Total Sales? (2019): _____</p>
<p>Does at least one of the owners or key managers of the firm have international work experience?</p> <p><input type="checkbox"/> Yes <input type="checkbox"/> No</p>
<p>Percentage of your export revenue in total revenue? (2020): _____</p> <p>Percentage of products/services sold abroad in total products/services sold? (2020):</p> <p>_____</p>

Değerli Katılımcı,

Bu araştırma, Boğaziçi Üniversitesi, Uluslararası Ticaret Yönetimi Yüksek Lisans tez çalışması kapsamında kullanılacaktır. Çalışma aile şirketlerinde uluslararasılaşmanın öncülleri ile ilgilidir. Görüşleriniz bizim için çok değerlidir.

Bu çalışmaya katılımınız gönüllülük esasına dayanmaktadır. Adınız veya herhangi bir özel bilgi istenmemektedir. Toplanan bilgiler, yalnızca bilimsel amaçlı kullanılacak ve gizli tutulacaktır.

Üçüncü şahıs ya da kurumlarla paylaşılmayacaktır.

Talep etmeniz halinde çalışmanın özet sonuçlar sizinle paylaşılacaktır.

Katılımınız için teşekkür ederiz.

Anket

Bir aile şirketinde mi çalışıyorsunuz?: <input type="checkbox"/> Evet <input type="checkbox"/> Hayır
Sahip ailenin bir üyesi misiniz? <input type="checkbox"/> Evet <input type="checkbox"/> Hayır
Şirketteki unvan(lar)ınız nedir? _____
Şirketinizin genel merkezi hangi şehirde bulunuyor? _____
Firmanızın yurtdışında iştirakleri nerelerdedir? ; _____
Yurtdışında kaç tane bağlı firmanız var?

<p>_____</p> <p>Bunlardan kaçısı satış, kaçısı üretim firmasıdır?</p> <p>Üretim firmaları: _____</p> <p>Satış firmaları: _____</p>
<p>Şirketinizin ortaklık yapısı nasıldır?(2019):</p> <p>Ailenin ortaklıktaki payı: _____</p> <p>Yerli ortağın payı: _____</p> <p>Yabancı ortağın payı: _____</p> <p>Diğer (Lütfen belirtiniz): _____</p>
<p>Şirketinizin kuruluş yılı?: _____</p>
<p>Toplam çalışan sayınız? (2019): _____</p>
<p>Toplam varlıklar? (2019): _____ TL</p> <p>Toplam satışlar? (2019): _____ TL</p>
<p>Ar&Ge harcamalarının toplam satışlara oranı? (2019): _____</p>
<p>Firma sahipleri veya kilit pozisyonlardaki diğer yöneticilerden en az birinin uluslararası iş tecrübesi var mı?</p> <p><input type="checkbox"/>Evet <input type="checkbox"/>Hayır</p>
<p>İhracat cironuzun toplam ciro içerisindeki payı? (2020): _____</p> <p>İhraç edilen ürün veya hizmetlerin, sunulan toplam ürün veya hizmetler içerisindeki payı? (2020): _____</p>

