Internationalization of Family Firms

The effect of family-specific resources on internationalization decisions

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Abstract

Background: Sweden is known for encouraging entrepreneurship where 99.9% of the business organizations are SMEs. Including Sweden, several other countries in the world provide significant importance to family firms, as their contribution is noteworthy to the global economy. Due to numerous reasons such as globalization and growth aspects, FSMEs are forced to gain competitive advantage through international diversification. Internationalization of FSMEs can be influenced by unique characteristics of family firms.

Purpose: Internationalization is a process where the decision of internationalization can be affected by several factors including resources. Among unique characteristics of family firms, FSMEs also possess family-specific resources that may influence these decisions. Hence the purpose of this study is to gain an in-depth understanding on which and how family-specific resources influence internationalization decisions.

Method: With the use of a single case study method, we gained valuable insight of a Swedish candy manufacturing family firm which engaged in internationalization successfully. The data was collected through in-depth interviews, observations, company website, published press interviews, press articles and other databases.

Conclusion: Internationalization can be a daunting decision for family firms where availability of resources play a major role. The key family-specific resources that influenced the decision of internationalization of the family firm studied in this thesis were bridging social capital, human capital and governance capital. The remaining capitals may have contributed to the internationalization process. Other than the family-specific resources, factors such as generational change and ability to gain substantial financial support in further influenced their internationalization decisions. These findings likewise confirm the existence of heterogeneity of family firms which makes them unique.
Acknowledgement

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Moreover, we thank our colleagues for sharing their genuine viewpoints and remarks and for providing constructive criticism to improve our thesis in various aspects during all seminars.

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Radeeka & Solongo
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1. Introduction

The first chapter provides the introduction to our research topic. First, it gives a background of the topic, then explains the research problem and research purpose. Later on, the research question of this thesis is presented.

1.1 Background

Two-thirds of all firms in the world are family firms which create 70-90% of global GDP (Family Firms Institute, 2017), whereas significant importance for family firms exists in Europe compared to the United States (Botero, Cruz, De Massis, & Nordqvist, 2015). Majority of firms in Sweden are small and medium sized where 72.6% are single owner firms with no employees, 23.8% are micro firms with 1 to 9 employees, 3% are small sized firms with 10 to 49 employees and 0.5% are medium sized firms with 50 to 249 employees (Statistikmyndigheten SCB, 2019; Holmström, 2019). The 0.1% of large firms which equals to the number of firms 1,116 as per Statistics Sweden, employs over one million employees where the 99.9% of the small and medium sized firms with 1 to 249 employees have only hired a little below two million employees (Holmström, 2019). Andersson et al., (2017) have identified 410,000 family firms which have at least one employee, during the period 2004 to 2010.

Family firms can be distinguished through the extent to which a family is involved in the ownership and management of the firm where the family involvement makes family firms complex (Sirmon & Hitt, 2003) and heterogeneous (Nordqvist, Sharma, & Chirico, 2014). Furthermore, family firms also differ based on the resources they utilize and how they utilize them (Forcadell, Úbeda & Zúñiga-Vicente, 2018).

Due to technological advancements, universal competition, growth aspects (Kraus, Mitter, Eggers, & Stieg, 2017) and globalization (Claver, Rienda, & Quer, 2007), it is vital for all types of firms including family firms to gain competitive advantage, and they are forced to make decisions on international diversification (De Massis et al., 2018a). It is further mentioned by De Massis et al. (2018b) that decision making is much faster in family firms. Albeit family businesses decide to engage in internationalization as a method of discovering resources to lower labour and commodity prices, access to qualified employees and exploiting growth opportunities (Pukall & Calabro, 2014), family firms also require various resources to successfully engage in internationalization.
However, family firms generally face the limitations of crucial resources such as lack of financial, managerial, and knowledge resources to achieve successful internationalization (Sirmon & Hitt, 2003). Simultaneously, the existence of family-specific resources such as, patient financial resources, family involvement can positively affect internationalization (Pukall & Calabro, 2014).

Resources must be valuable, rare, difficult or costly to imitate and non-substitutable in order to create a competitive advantage for a reasonable period (Habbershon & Williams, 1999; Sirmon & Hitt, 2003). As per Habbershon and Williams (1999), the Resource-Based View (RBV) of competitive advantage of family firms, isolates the unique features or the complex, sometimes intangible, inimitable and dynamic resources. Family-specific resources are a bundle of resources that distinguishes family firms from non-family firms due to family involvement, which can be identified as the “familiness” that creates and sustains competitive advantage (Habbershon & Williams, 1999). Strange, Filatotchev, Buck and Wright (2009) further indicate that instead of exploiting existing resources, some research on RBV has emphasized the potential of enhancing resources of a family firm through internationalization.

It is vital for family firms to not only identify and exploit opportunities in the market but similarly manage their resources effectively in order to create and sustain competitive advantage in the contemporary business world (Sirmon & Hitt, 2003). Therefore, the study on which and how internationalization decisions are affected by available resources in family firms can be considered as an interesting and informative area to be researched.
1.2 Research problem

As earlier mentioned, there are several SMEs in Sweden. Even though having several SMEs can be beneficial for the economy of a country, when the smaller sized firms grow, the more they gain capacity to provide employment and contribute to the economy significantly. In 2016, only around 3,000 Swedish groups had subsidiaries abroad where roughly 60% of their sales originated from abroad (Holmström, 2019). Therefore, as family firms can be considered as a dominant organizational form and the most common organizational form, while they make a significant contribution to the economy of Sweden (Andersson et al., 2017), it could be concluded that, if small and medium sized family firms attempt to grow through internationalization, they can greatly benefit from it and in return, further economic growth can be anticipated.

Nevertheless, family firms tend to face constraints such as lack of financial, managerial, and knowledge resources that are essential for achieving successful internationalization (Sirmon & Hitt, 2003). According to Pfeffer and Salancik (1978), companies are controlled and dependent on external resources to expand. In order to minimize the dependency on external resources, family firms engage in various actions, such as hiring external managers and changing the governance structures to obtain the resources they need to pursue internationalization (Naldi & Nordqvist, 2009). On the other hand, resources such as the availability of family-specific resources and family involvement also can certainly affect the decisions to engage in internationalization (Pukall & Calabro, 2014).

The uniqueness and the heterogeneity of family firms ascend through family involvement and business life (Habbershon & Williams, 1999). Family involvement can be viewed in two broad established categories which are family ownership and family management (Habbershon & Williams, 1999; Nordqvist, Sharma, & Chirico, 2014; Sirmon & Hitt, 2003), which makes them heterogeneous. Sirmon and Hitt (2003) state that the extent of family involvement and business creates various, prominent and unique characteristics that can differentiate between family and non-family firms including human capital, social capital, patient financial capital, survivability capital, governance structure & costs (Sirmon & Hitt, 2003).

The resource-based view (RBV) which is likewise referred to as Resource-based Theory (RBT) identifies heterogeneous resources must be effectively managed to gain competitive advantage (Sirmon & Hitt, 2003). The researches state a broad set of resources within financial, human, social, survivability and governance categories that positively contribute to creating
competitive advantages. However, since heterogeneity also affects family-specific resources, creation of competitive advantage in each family firm can be unique. Furthermore, even though researches state that resources affect internationalization decisions, much information cannot be found on how family-specific resources affect internationalization decisions in family firms. Internationalization is a process where the decision to internationalize is made by a person or a group of people. In a family firm, the involvement of the family can make the decision making unique.

As Resource Based Theory (RBT) is one of the renowned theories that explains and provides a guideline or a theoretical framework to recognize and evaluate various unique, family-specific resources that creates a competitive advantage for family firms to engage in internationalization, it was decided that our thesis will be grounded on RBT.

As a decision such internationalization can affect a family firm in various ways and also due to failure of finding much research on how family-specific resources affect internationalization decisions, we found it to be an important aspect to research on. We intend to recognize family-specific resources with the use of RBT framework, in the family firm we study for our thesis, and how each of these resources influenced and contributed to making internationalization decisions while keeping heterogeneity in mind.

1.3 Research purpose

At present, the area of internationalization of family business is increasingly researched (Chirico, Sirmon, Sciascia, & Mazzola, 2011). As mentioned by De Massis et al. (2018a) number of family business articles on internationalization-related issues have progressed from less than 10 to over 100 articles per year from 1980 to 2017. It was further realized that most literature discusses the positive and negative characteristics of family businesses that affect internationalization. As mentioned earlier, one of the positive characteristics of family firms is the speed of decision making (De Massis et al., 2018b).

However, internationalization decisions can be affected by several factors including willingness to take risks (Gallo & Pont, 1996; Gallo & Sveen, 1991; Zahra, 2003; Zahra, Ireland, & Hitt 2000), generational changes (Fang et al., 2018), availability of resources, and willingness to keep control in the family business (Arregle et al., 2017; Gomez-Mejia, Makri, & Larraza-Kintana, 2010; Kontinen & Ojala, 2010, 2012).
Out of these reasons, we will pay attention to the resources factor, precisely family-specific resources. Even though a broad set of resource categories such as financial, human, social, survivability and governance resources have been recognized as supportive/influencing resources that contribute to creating competitive advantage, how these resources specifically affect internationalization decisions cannot be found. Furthermore, the heterogeneity factor is mostly ignored as well. Therefore, it is important to take the heterogeneity of the family firm into consideration when recognizing family-specific resources that influence internationalization decisions.

Thus, we decided to study more on family-specific resources that influence internationalization decisions, while keeping heterogeneity in mind through an explorative case study that will be conducted to find out family-specific resources that influence internationalization decision in a medium sized family firm in Sweden. It appeared to us that by thoroughly studying one family firm that is engaging in internationalization, would provide an exhaustive understanding of how and which family-specific resources affect internationalization decisions. This study will assist to understand and further verify the influence of generational changes and willingness of taking risks in small and medium family firms (FSMEs) while attempting to contribute to the overall knowledge of family business development research through an in-depth study on family-specific resources with consideration of heterogeneity in family firms.

1.4 Research question

Internationalization of family firms: A case study on family-specific resources that influence internationalization of Family Small and Medium Enterprises (FSMEs) in Sweden.

- What and how family-specific resources within human, social, financial, survivability and governance capitals affect internationalization decisions?
1.5 Conceptual Framework

As mentioned earlier, family firms and their available resources make them heterogeneous due to family involvement. Family involvement affects behavioural propensities which then affects strategic drivers of the firm. In order to sustain in the contemporary business world, it is necessary for family firms to find competitive advantages. Internationalization is considered as a method that helps to grow, sustain and acquire resources. However, to engage in internationalization, family firms require certain capabilities and resources. Through this research, it is expected to investigate how family-specific resources influence on internationalization decisions and how a family firm decides to achieve their internationalization objectives based on their available family-specific resources. The research will be conducted as a case study. The conceptual framework is an adaptation from De Massis et al. (2018a) ‘Sources of heterogeneity to understand the determinants of Internationalization of family firms’ and Sirmon and Hitt’s (2003) ‘Managing family-specific resources’. The highlighted part is the area which is studied in our thesis.

Figure 1. The conceptual framework, adapted from De Massis et al. (2018a) and Sirmon & Hitt (2003)
Theoretical Background

The purpose of the second chapter is to present an overview of the current literature on the research topic. The chapter starts defining internationalization, then family firm internationalization, internationalization theories including the resource-based view as well as the family-specific resources.

2.1 Literature Search

To conduct the review, a combination of a systematic review and a snowball approach was used. Initially, relevant articles on family business internationalization were identified by conducting a keyword search in the Web of Science database. The combination of terms ‘internationali*', ‘global’, ‘foreign’, ‘export’, ‘abroad’, ‘FDI’, ‘multinational’; with ‘family firm*', ‘family business*', ‘family*owned’, ‘decision*', and ‘resource*’, totally 72 articles were found. Based on the relevance to our research purpose, a total of 54 articles were selected. In addition, Google Scholar was utilized to find relevant articles in the field. Following the systematic review, a snowballing technique was also used based on most interesting and recent articles which were found as most relevant to this research: more specifically, three articles on family firm internationalization, international entrepreneurship, and three articles on RBV/RBT and managing unique resources. As a result of combined techniques, a total of 61 articles have been used for the literature review. In order to ensure quality, articles that are only peer-reviewed and are included in the Association of Business Schools’ (ABS) list were selected.

2.2 Literature review

2.2.1 What are family firms?

First, it is important to define what is meant by referring to a business/firm as a family firm. Many researchers have defined family firms in various ways (Litz, 1995; Sharma, Chrisman, & Chua, 1997). Even though there is still no widely accepted, concise, and measurable definition of family firms (Littunen & Hyrsky, 2000), the family involvement in management and ownership makes family firms distinct from others (Chua, Chrisman, & Sharma, 1999). Chrisman, Chua, and Sharma (2005) suggested two approaches, a component-of-involvement approach and an essence approach, to define family firms. The essence approach is based on the belief that firm is considered as a family firm only if family involvement is aligned with behaviours which build specific distinctiveness, whereas the components-of-involvement
approach assumes that family involvement itself is sufficient to consider firm as a family firm. Similarly, Fernández and Nieto (2005, 2006) defined the family firm as “a company that belongs to a family with one or more members in managerial position”. In the finance literature, some studies argue that family firms are any company that family owns more than 5 percent (Villalonga & Amit, 2006), whereas other studies consider firms as a family firm only if the succession from first to the second generation has conducted (Bennedsen, Nielsen, Pérez-González, & Wolfenzon, 2007).

One of the biggest challenges that hinder developing a general definition is the heterogeneity of family firms (Arregle et al., 2007) as each family’s involvement in the management and ownership of the firm is unique. Family involvement is also viewed in two broad established categories which are family ownership and family management (Habbershon & Williams, 1999; Nordqvist, Sharma, & Chirico, 2014; Sirmon & Hitt, 2003). Nordqvist, Sharma, and Chirico (2014) have formed a model to identify nine different configurations of family involvement where family ownership and family management categories can be parted into three forms each within ownership and management (Figure 2 & 9). Therefore, it is evident that family firms are heterogeneous depending on the type of family firms, where also the availability of family-specific capital or resources in family firms makes them heterogeneous (Habbershon & Williams, 1999).

<table>
<thead>
<tr>
<th>Family involvement in Ownership</th>
<th>Controlling Owner</th>
<th>Sibling Partnership</th>
<th>Cousin Consortium</th>
</tr>
</thead>
<tbody>
<tr>
<td>Family Operator</td>
<td>1 Controlling Owner-Family Operator</td>
<td>2 Sibling-Partners Family Operators</td>
<td>3 Cousin Consortium-Family Operators</td>
</tr>
<tr>
<td>Family Supervisor</td>
<td>4 Controlling Owner-Family Supervisor</td>
<td>5 Sibling-Partners Family Supervisor</td>
<td>6 Cousin Consortium-Family Supervisor</td>
</tr>
<tr>
<td>Family Investor</td>
<td>7 Controlling Owner-Family Investor</td>
<td>8 Sibling-Partners Family Investor</td>
<td>9 Cousin Consortium-Family Investor</td>
</tr>
</tbody>
</table>

*Figure 2. Literature review: Configurations of family involvement in ownership and management by Nordqvist, Sharma, & Chirico (2014)*
Westhead and Cowling (1999) developed seven family firm definitions based on two main criteria which are ‘majority voting share of family members’ and ‘perception of being a family business’. Following the definitions of Nordqvist, Sharma, and Chirico (2014), and Westhead and Cowling (1999), in this thesis, family firms are defined as a firm in which more than 50% of the firm’s shares are owned by one or more family members, and also if a firm is perceived by the CEO or managing directors as a family firm.

2.2.2 What are small and medium sized family firms?

Small and medium sized enterprises (SMEs) are different from large firms with key characteristics such as reactive mentality, flexible structure, informal strategies and resource limitations (Hudson, Smart, & Bourne, 2001). SMEs play an important role in global and regional economic growth. According to European Commission, SMEs constitute 99% of all businesses in the EU. However, the definition of SMEs widely varies between countries. The most commonly used criteria are staff headcount, and its cut-off range is different in countries. Yet, the most widely used size limit of a SMEs is 250 employees (Ayyagari, Demirgüç-Kunt, & Beck, 2003). In the EU, SME is an enterprise which has less than 250 employees and a turnover of less than 50 million euros. Based on Fernández and Nieto’s (2005, 2006) definition, a FSME can be defined as a small and medium sized enterprise that one or more family members are in managerial positions.

Sweden is well-known for the existence of family firms and encouraging entrepreneurship efforts. As per Statistikmyndigheten SCB (2019) and Holmström (2019), out of around one million firms within the business sector, only 0.1 percent are considered as large firms with over 250 employees. This depicts that 99.9 percent of all firms in Sweden are small and medium sized firms. Furthermore, Andersson et al. (2017) state that family firms are a ‘dominant organizational form’ where they estimate that one-third of the country’s GDP and employment is generated by family firms in Sweden. Therefore, studying a FSME (Family Small and Medium Enterprise) seemed more valuable to contribute to overall family business research.
2.3 Internationalization literature

Initial researches on internationalization discussed the international trade between nations, more specifically which factor-based advantages plays a significant role in international trade (Abrams, 1980). In the 1950s, economic studies showed that countries with a similar degree of industrialization are more involved in international trade than countries with distinct factor-based advantages (Leontief, 1953). Figure 3 illustrates the focus change of internationalization literature as further explained. Even though studies that focused on international trade provide an understanding on firm internationalization to some extent, it does not provide a deep insight of firm growth since their aim was studying on a national level, not on an individual firm. Later on, researchers started focusing more on the multinational companies (Hymer, 1960) and the process of internationalization (Johansson & Vahlne, 1977) arguing about which country the firms should choose to internationalize. Subsequently, as a result of the new stream of international entrepreneurship studies, traditional theories on internationalization were challenged, therefore many new perspectives of studying internationalization were generated (McDougall, Oviatt, & Shrader, 2003).

![Figure 3. The overview of focus shift in internationalization literatures](image)

2.3.1 Internationalization of SMEs

The research on internationalization, especially of SMEs, has been gaining an interest of the research community (e.g. McAuley, 2010; Kuivalainen, Sundqvist, Saarenketo, & McNaughton, 2012) due to intensifying competition between SMEs and increasing flexibility, productivity, and activeness in the international market. Even though SME internationalization has been gaining researchers’ attention, it is still a relatively new topic. Traditional studies have widely focused on the activities of multinational enterprises (MNEs), by mostly applying eclectic paradigm, the transaction cost, and the monopolistic advantage theory (McAuley, 2010; Dana, 2001; Wright, & Dana, 2003). However, MNEs and SMEs are greatly different in terms of capabilities, market behaviour, and strategies that pursued.
Previous reviews have shown that although studies on SME internationalization theories and methodologies are expanding, the field is still disintegrated (Ribau, Moreira, & Raposo 2016). Despite the fact that several researches have suggested an integrative model of internationalization of SMEs (e.g., Graves & Thomas, 2004, 2006, 2008; Mejri & Umemoto, 2010), none of them have been acknowledged by the academic community.

In the EU, SMEs account for 99% of all businesses, and as worldwide, they are the main driver of economic growth, innovation, and employment as SMEs provide more than 50% of employment (European Commission, 2018; IFC, 2015). SME internationalization plays a significant role in the growth of the global economy (Dutot, Bregeron, & Raymond, 2014), particularly when these firms’ resources are scarce in comparison to those of large MNEs (Karlsen & Nordhus, 2011).

2.3.2 Internationalization theories and approaches

Internationalization theories try to answer how and why firms go into foreign markets (Morgan & Katsikeas, 1997). Researchers have conceptualized various theories and approaches on which factors influence internationalization. Theories on internationalization are based on two main perspectives which are economic school and behaviour school (Coviello & McAuley, 1999; Andersson, 2004). The most dominant theory in economic school is the eclectic theory which is further developed by Dunning (1979). The theory states that ownership, location, and internationalization advantages are the key determinants of foreign direct investment (FDI). The behavioural school includes incremental stage models of internationalization (e.g. Uppsala internationalization model), and models related to innovation (Bilkey & Tesar, 1977; Johanson & Vahlne, 1977, 2003, 2009; Reid, 1981). While economic school approaches mainly concentrate on external factors, behavioural school approaches focus on firms’ internal factors, more specifically the incremental learning processes.

Later on, the international entrepreneurship theory is emerged to fill the gap of explaining the behaviour of firms that can be global shortly after their inception since not all firms engage in internationalization slowly (Oviatt & McDougall, 1994). International entrepreneurship refers to “a combination of innovative, proactive and risk-seeking behaviour that crosses national borders and is intended to create value in the organization” (Oviatt & McDougall, 1994, p.903). The firms in these researches have been studied by different perspectives such as ‘born globals’ or ‘instant internationals’ (e.g. Andersson & Wictor, 2003; Madsen & Servais, 1997),
international new ventures (INVs) (Oviatt & McDougall, 1994), and instant exporters (Coviello & McAuley, 1999).

Based on the international entrepreneurship theory, the studies about an entrepreneurial manager’s decision to internationalize emerged since in the end “it is not firms who make decisions but managers” (Perks & Hughes, 2008, p.312). According to them, the entrepreneurial manager’s tacit knowledge, vision, network relationships, and product-service complexity influence most on the decision to internationalize.

In addition to two traditional schools of internationalization research, an alternative view, the network approach was derived (Johanson & Mattsson, 1987; Bell, 1995). The network approach argues that the international firm cannot be viewed as a separate actor but has to be analyzed as an interdependent actor in the international environment. A fundamental assumption in the network model is that firms are dependent on resources controlled by other firms, therefore they need a network to access these external resources (Sharma & Johanson, 1987).

In order to successfully internationalize, first, firms must have the appropriate resources, and they must manage those resources effectively (Hitt, Bierman, Uhlenbruck, & Shimizu, 2006). The resource-based view (RBV) of the firm assumes that access to resources provides a firm competitive advantage (Penrose, 1959; Barney, 1991) which further helps it to maintain resources and develop capabilities that others cannot easily imitate. In family business research, based on the RBV, the concept ‘familiness’ may give a unique competitive advantage (Aldrich & Cliff, 2003; Arregle et al., 2007). For example, a firm can benefit from personal commitment and faithfulness of family members (Sirmon & Hitt, 2003; Mandl, 2008).

The resource-based view (RBV) which is likewise referred to as Resource-based Theory (RBT) identifies heterogeneous resources as a cause of firm performance (Barney, 1991; Barney, Ketchen & Wright, 2011; Forcadell, Úbeda, & Zúñiga-Vicente, 2018; Penrose, 1959). Firm specific resources must be effectively managed to gain competitive advantage. Sirmon and Hitt (2003) state resource management is a continuous process which involves three main steps which are resource inventory (evaluating, adding, and shedding), bundling, and leveraging where resources such as technological, financial, and managerial capabilities, entrepreneurial orientation affect organizational performance (Sirmon & Hitt, 2003). Forcadell, Úbeda, and Zúñiga-Vicente (2018) further argue that ‘familiness’ can be used to create new heterogeneous resources by combining them with acquired resources from the market where the new heterogeneous resources will further improve performance of the firm.
However, not all family firms have ‘familiness’ capabilities that are unique which can contribute to sustain a competitive advantage (Nordqvist, 2005). Since sometimes, ‘familiness’ might even be a burden to business development (Kraus, Fink, Harms, 2011). For example, family members that do not have sufficient knowledge and skills might be in a management position, which leads to nepotism (Sirmon & Hitt, 2003), and family firm’s lack of willingness to share control may hinder to attract and retain qualified external managers (Mandl, 2008).

Over time RBV has been transformed to Resource-Based Theory (RBT) where it is ‘widely acknowledged as one of the most prominent and powerful theories for describing, explaining, and predicting organizational relationships’ (Barney, Ketchen & Wright, 2011). Familiness further is in line with the conditions mentioned in RBT of resources for being rare, valuable, non-substitutable, and difficult to imitate, which creates a competitive advantage to the firm. Therefore, RBT appears to provide an appropriate theoretical framework for this research. Table 1 summarizes all theories discussed above.
### Table 1. Overview of literature on Internationalization theories and approaches

<table>
<thead>
<tr>
<th>Internationalization theories and approaches</th>
<th>Authors</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>Economic school</td>
<td>Coviello &amp; McAuley (1999); Dunning (1979)</td>
<td>Ownership advantages, internalization advantages, and location advantages are determinants of level of the firm’s value-added activities.</td>
</tr>
<tr>
<td>Behavioural school</td>
<td>Bilkey &amp; Tesar (1977); Johanson &amp; Vahlne (1977, 2003, 2009); Reid (1981)</td>
<td>Behavioural school approaches focus on firms’ internal factors, such as internationalization process the incremental learning processes.</td>
</tr>
<tr>
<td>International entrepreneurship theory</td>
<td>Oviatt &amp; McDougall (1994); Andersson &amp; Victor (2003); Madsen &amp; Servais (1997); McAuley (1999); Perks &amp; Hughes (2008)</td>
<td>International entrepreneurship theories explain ventures that did not follow the incremental stages, but internationalized shortly after their inception.</td>
</tr>
<tr>
<td>Network approach</td>
<td>Johanson &amp; Mattsson (1987); Sharma &amp; Johanson (1987); Bell (1995)</td>
<td>Network approach views that the international firm cannot be viewed as a separate actor but has to be analyzed as an interdependent actor in the international environment.</td>
</tr>
<tr>
<td>Resource-based approach</td>
<td>Penrose (1959); Barney (1991); Aldrich &amp; Cliff (2003); Arregle, Hitt, Sirmon, &amp; Very, (2007); Sirmon and Hitt (2003); Hitt, Bierman, Uhlenbruck, &amp; Shimizu (2006); Mandl (2008)</td>
<td>The resource-based theory assumes that access to resources provides a firm competitive advantage. Therefore, firms can successfully internationalize if they have appropriate resources and manage those resources effectively.</td>
</tr>
</tbody>
</table>
2.4 Internationalization of Family Firms/Family Small & Medium Enterprises (FSMEs)

Internationalization is extensively recognized as significant to sustain and retain in the current, competitive global economy, regardless of the size of the firm, where family firms have grown international via one or a mix of entry modes to international markets such as through exports, foreign direct investment (FDI), contractual agreements and joint ventures (De Massis et al., 2018a). In family business literature, internationalization is mainly perceived in two broad categories as ‘Restrictive’ and ‘Facilitative’ (Arregle et al., 2017). The involvement of family makes these firms unique as well as the process of internationalization of them (Chrisman, Chua, Pearson, & Barnett, 2012).

The facilitative characteristics of family businesses include flexibility, speed in decision-making, long-term orientation (De Massis et al., 2018b), stewardship (Arregle et al., 2017; Zahra, 2003), willingness to take risks such as internationalization (Gallo & Pont, 1996; Gallo & Sveen, 1991; Zahra, 2003). Restrictive characteristics include lack of capital and resources (financial and human resources), resistance to change, family conflicts, fear of losing control (Arregle et al., 2017; Gomez-Mejia, Makri, & Larraza-Kintana, 2010; Kontinen & Ojala, 2010, 2012) that may reduce internationalization of family businesses.

After comparing family and non-family businesses, some scholars have mentioned that the degree of internationalization does not show statistically substantial variance between them (Arregle et al., 2017), where family involvement does not affect the degree of internationalization, especially in larger family firms (Carr & Bateman, 2009). Hennart, Majocchi, and Forlani (2017) claims that the literature at times has ill-posed the degree of family involvement in internationalization and what is important is to investigate under which circumstances family firms tend to move toward or away from their own optimal level of internationalization.

Furthermore, Arregle et al. (2017) state that various authors use different theories and methodologies to evaluate relationships between several aspects and family businesses which results in numerous conclusions. Therefore, it is evident that internationalization and family involvement is complicated where heterogeneity of family firms must be considered as a factor that plays a major role in internationalization (Arregle, Naldi, Nordqvist, & Hitt, 2012; Chua et al., 2012; De Massis et al., 2018a; Pukall & Calabro, 2014).
2.4.1 Sources of Heterogeneity of family firms in internationalization

It is accepted that family firms behave and perform differently than non-family firms, and, family firms are not homogeneous either (Chua, Chrisman, Steier, & Rau, 2012). Family firms do not perform and behave the same way and they may choose different internationalization methods. De Massis et al. (2018a) mentions several sources of heterogeneity aspects in his meta-analysis, namely; Family involvement, Behavioural propensities of the involved family, Strategic drivers of family firms, Internationalization processes and Internationalization outcomes.

It is also accepted that family involvement affects behaviour and performance of family firms (Zahra, 2003) while some mention that involvement of family members is not adequate to directly determine processes of family firms unless behavioural propensities of the involved family are accounted (De Massis, Kotlar, Chua, & Chrisaman, 2014). Jaskiewicz and Dyer (2017) state four types of family heterogeneity that facilitates to theorize how family involvement affects behaviour and performance and they are; family structures, family functions, family interactions, and family events.

Family involvement affects behavioural propensities of the involved family which is the next source of heterogeneity that is discussed by De Massis et al. (2014) where three behavioural propensities are identified that affect family’s choice of strategic drivers to produce distinctive firm behaviour, namely; ability as discretion, ability as resources, and willingness (De Massis et al., 2018b). Ability as discretion can be explained as the family’s choice of management of the firm’s resources; ability as capability are the capabilities of the family members currently possess or should acquire in order to achieve their preferred goals; willingness is simply the family’s nature or willingness to engage in a certain way that can include the intentions of the generations involved, socioeconomic wealth (SEW) and commitment (Chrisman, Chua, Pearson, & Barnett, 2012; Gomez-Mejia, Haynes, Núñez-Nickel, Jacobson, & Moyano-Fuentes, 2007).

Chua, Chrisman, Steier, and Rau (2012) states three strategic drivers that cause heterogeneity which affect the performance and behaviour of family firms; governance systems, resources, and goals. As earlier stated, this research will focus more on the resources factor and how it affects internationalization decisions.

Forcadell, Úbeda, and Zúñiga-Vicente (2018) states that development of heterogeneous resources can be done through resource acquisition (Buying) and resource accumulation or
internal development (Building) where resource acquisition/buying could be explained as firms buying tradable resources by taking advantage of imperfect factor markets while resource building is creation of non-tradable internal resources such as familiness. It is further vital that firms combine acquisition and accumulation to create and improve firm-specific capabilities especially which are related to internationalization (Chrisman, Chua, & Sharma, 2005; Forcadell, Úbeda & Zú~niga-Vicente, 2018). The five types of family-specific resources or the familiness that create competitive advantage, is further explained in the next section.

Internationalization processes, which is the fourth source of heterogeneity, is categorized by De Massis et al. (2018a) into four aspects, which are; locality versus globality; scope, modes, and location choices; timing and speed of internationalization; and international business models. Depending on the internationalization process, achieving economic and non-economic goals as the internationalization outcomes and performance will differ based on each family firm, type of business, systems, and subsidiaries.

In addition to the five sources of heterogeneity of family firms in internationalization explained above, it is also vital to consider the context that has an effect on the performance and behaviour of the family business (De Massis et al., 2018a). De Massis et al. (2018a) has categorized the context in to two categories i.e. the exo context that includes economic, social, political, legal, cultural, spatial, and technological environment and the chrono context which includes succession, business exit, mergers and acquisitions, declining performance, and environmental jolts which can be considered as general family business processes (De Massis et al., 2018a).

Jaskiewicz and Dyer (2017) claim that many scholars apply management theories without including heterogeneity as an element in their research hence, family differences applied to build theory is yet to be integrated. Due to heterogeneity of family firms, it is apparent that resources which would influence internationalization decisions of family businesses will not be homogeneous. Therefore, identifying resources which influence internationalization decisions of family businesses while having heterogeneity as an element of family firms will provide an in-depth and a better understanding of behaviour of small and medium family firms, specifically in the family firm we study on.
<table>
<thead>
<tr>
<th>Author(s)</th>
<th>Sources of heterogeneity</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>Chua, Chrisman &amp; Sharma (1999)</td>
<td>● Family involvement</td>
<td>Family involvement in management and ownership makes family firms distinct from others</td>
</tr>
<tr>
<td>Nordqvist, Sharma, &amp; Chirico (2014)</td>
<td>● Family involvement in</td>
<td>Family firms can be classified into nine types based on family involvement in firm ownership and management</td>
</tr>
<tr>
<td></td>
<td>○ Firm ownership</td>
<td></td>
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<tr>
<td></td>
<td>○ Firm management</td>
<td></td>
</tr>
<tr>
<td>Chua et al. (2012)</td>
<td>● Governance systems</td>
<td>These three strategic drivers cause heterogeneity which affect performance and behaviour of family firms</td>
</tr>
<tr>
<td></td>
<td>● Resources</td>
<td></td>
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<td></td>
<td>● Goals</td>
<td></td>
</tr>
<tr>
<td>Forcadell, Úbeda, &amp; Zúñiga-Vicente (2018)</td>
<td>● Resources</td>
<td>Firms can be heterogeneous based on how they acquire and accumulate resources</td>
</tr>
<tr>
<td>Jaskiewicz &amp; Dyer (2017)</td>
<td>● Family structures</td>
<td>These four types of family heterogeneity facilitate to describe how family involvement affects behaviour and performance</td>
</tr>
<tr>
<td></td>
<td>● Family functions</td>
<td></td>
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<tr>
<td></td>
<td>● Family interactions</td>
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<td></td>
<td>● Family events</td>
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<tr>
<td>De Massis, Kotlar, Chua, &amp; Chrisman, (2014);</td>
<td>● Family involvement and</td>
<td>Family involvement affects behavioural propensities which affect family’s choice of strategic drivers to produce distinctive firm behaviour</td>
</tr>
<tr>
<td>Chrisman, Chua, Pearson, &amp; Barnett (2012)</td>
<td>● Behavioural propensities</td>
<td></td>
</tr>
</tbody>
</table>
2.4.2 Family-specific Resources

The five types of family-specific resources recognized by Sirmon and Hitt (2003) are human, social, patient, survivability and governance capitals.

Human Capital – acquired knowledge, skills, and capabilities of a person

Human capital defines the acquired knowledge, skills, and capabilities of an individual (Coleman 1988; Sirmon & Hitt, 2003) where both positive and negative effects may take place in family firms. Horton (1986) states that commitment of the family is relatively high where the existence of warm and friendly relationships is usual and furthermore, deep levels of firm-specific tacit knowledge can make a great influence on strategic decision making of the firm.

Social Capital – resources embedded in the network, accessed through relationships

Social capital defines and identifies resources within the relationships between individuals or between organizations (Burt, 1997; Hoffman, Hoelscher, & Sherif, 2006). The importance of interaction between individuals and organizations are addressed in Social capital theory which has been commonly applied in family firm research (Arregle et al., 2007; Chrisman, Chua, & Sharma, 2005). Three dimensions of social capital are identified by Nahapiet and Ghoshal (1998) namely: structural, cognitive, and relational, where structural dimension is based on network ties and configuration, cognitive dimension is based on a shared language, meanings, and narratives, while the relational dimension is based on trust, norms, and obligations (Sirmon & Hitt, 2003).

Sharma (2008) further refers to two constituents of social capital namely ‘bonding’ and ‘bridging’ capitals. Bonding capital is focused on the internal formation of networks amongst a family or an organization which in return builds trust, harmony, and unity to pursue mutual objectives (Coleman, 1988). Bridging capital is focused on external “direct and indirect links of an actor (individual, group, family, or an organization) with other actors beyond the immediate collective” (Sharma, 2008). Bridging capital, as a result, enables accomplishment of goals of the principal actor by creating access to valuable information, advantageous negotiations, recognition of viable opportunities, and gaining influential and powerful positions (Sharma, 2008).
Patient Financial Capital – invested financial capital without the threat of liquidation

Sirmon and Hitt (2003) states that Patient capital is different from typical financial capital as the intended time of investment is much longer, hence it is a type of capital that is invested without the threat of liquidation for long periods (Dobrzynski, 1993). It is further indicated that family firms tend to have a long-term view where they make effective capital management decisions due to their willingness to develop the firm for future generations (Sirmon & Hitt, 2003). However, family firms are also faced with limited resources due to their unwillingness to share equity with non-family members (Sirmon & Hitt, 2003).

Survivability Capital – pooled personal resources

Sirmon and Hitt (2003) define survivability capital as “the pooled personal resources that family members are willing to loan, contribute and, or share for the benefit of the family business.” The various forms of survivability capital include free labor, loaned labor, additionally equity investments, or monetary loans where it will provide a safety net for the firm to sustain during an unsuccessful expansion or economic crisis (Sirmon & Hitt, 2003). This type of capital is very much useful for FSMEs for internationalization to sustain and keep up with the competition.

Governance Structure & Costs – costs associated with control of firm; examples include incentives, monitoring, and controls (Sirmon & Hitt, 2003)

Agency costs are often associated when discussing governance structures as agency costs are affected by governance structures in family firms (Sirmon & Hitt, 2003). Carney (2005) states the corporate governance system is a factor that creates a competitive advantage for family firms where he identifies parsimony, personalism, and particularism as governance characteristics. Family firms can gain cost advantages that create competitive advantages in an environment with limited resources, efficient utilization of social capital and investments.
3. Research methodology

The third chapter outlines the methodology that was used to carry out this research. It aims to provide an overview on which philosophical assumptions this research was based, how the data were collected, which techniques were used, and how the data were analyzed. Moreover, it contains concerns about research quality and ethics.

3.1 Methodology

3.1.1 Research philosophy

Neglecting philosophical issues can negatively impact the quality of management and business research. Thus, it is important to identify the philosophical underpinning of the research since it is the foundation of the whole research process. The research tradition consists of four key elements: ontology, epistemology, methodology, and methods and techniques (Easterby-Smith, Thorpe, Jackson, & Jaspersen, 2018). The ontology represents “the basic assumptions that the researcher makes about the nature of reality” (Easterby-Smith, Thorpe, Jackson, & Jaspersen, 2018, p.61).

There are four different ontologies: realism, internal realism, relativism, and nominalism. The objective of this research is to study which family-specific resources influence internationalization decisions. Moreover, the study assumes that the nature of reality depends on the perspectives of the observer, so the study is based on the relativist ontological position which assumes that many truths exist, and the facts are created by people (Easterby-Smith, Thorpe, Jackson, & Jaspersen, 2018).

Our assumption about ontology forms the epistemology. The epistemology represents the view about the best ways to inquire into the nature of the world (Easterby-Smith, Thorpe, Jackson, & Jaspersen, 2018). There are four epistemologies which are strong positivism, positivism, constructionism, and social constructionism. While a strong positivist position assumes that reality exists independently from the observer, a social constructionist position assumes that the researcher is a part of what is being observed.

As mentioned earlier, family firms are heterogeneous (Chua, Chrisman & Sharma, 1999; Zahra, 2003; Nordqvist, Sharma, & Chirico, 2014; Jaskiewicz & Dyer, 2017), so is the way of internationalization decisions (Ribau, Moreira, & Raposo, 2016). Therefore, this study is based on constructionist epistemology which assumes that there are different realities. In other words, the role of a researcher is to gather data from multiple perspectives of diverse individuals in the
same organization. Based on relativist ontology with the constructionist epistemology, this study assumes that many different realities exist.

3.1.2 Research approach

Prior to planning the research strategy, first the research approach must be defined based on the nature of the research question. In general, based on problem structure, there are three main classes of research approach: an exploratory, a descriptive, and an explanatory/causal (Brannick & Roche, 1997). Exploratory research seeks to understand the general nature of a phenomenon, by trying to discover new ideas and thoughts. Descriptive research aims to describe functions and characteristics whereas explanatory research tries to explore ‘cause-and-effect’ problems (Ghauri & Grønhaug, 2010). The purpose of this study is to explore the family-specific resources (human, social, patient financial, survivability and governance) how it influences the internationalization decisions. Hence, the study fits with the exploratory research design.

Moreover, there are two alternative research approaches in general, which are deductive versus inductive (Saunders, 2011). Deductive research aims to test out pre-defined theories or hypotheses through empirical observation. On the other hand, in inductive research, theories can be developed based on observed information and data (Crowther & Lancaster, 2009). While a deductive research approach is often based on positivist research philosophy, an inductive research approach is usually rooted in constructionism research philosophy. In general, inductive reasoning is exploratory and more open-ended (Trochim, 2000). In other words, it begins with specific observations, and explores patterns and regularities, then ends with general conclusions or theories. Therefore, based on a constructionist perspective, this study assumes that there are different truths, and aims to explore influence of family-specific resources on internationalization decisions.

3.1.3 Research strategy

This study is conducted with the objective of recognizing family-specific resources that influence internationalization decisions of small and medium scale family business in Sweden. Precisely, it is expected to understand how each factor/ resource influenced the decisions of a specific family business. The research will explore the influence of five constructs (*Human, Social, Patient Financial, Sustainability, and Governance/Structure*) on internationalization decisions. Creswell (2008), has identified three types of research method which are the qualitative, quantitative, and mixed method. The basic difference between qualitative and quantitative research is that quantitative research is built upon measurement while qualitative
research does not (Layder, 1993). Besides measurement, two research strategies are distinct by their different perspectives on the nature of reality, and research objectives (Ghauri & Grønhaug, 2010). Rooting on constructionist epistemology, and inductive research approach, this thesis goes along with the qualitative research. The qualitative research is likely to have three main features (Bryman & Bell, 2007), which this study contains. First, the study has the relativist ontological position which assumes that social qualities are results of the interactions between people. Second, it has the constructionist epistemological position which implies that this study tries to understand the social realm through the interpretation from the participants’ point of view. Third, it is the inductive research that tries to develop a theory or conclusion based on the observation and acquired facts. Therefore, utilizing the qualitative research method is most suitable for this study.

3.1.4 Research design

In order to find out in-depth knowledge about the problem, a case study will be carried out. A case study is “a powerful research methodology that combines individual and (sometimes) group interviews with record analysis and observation” (Cooper & Schindler, 2011, p. 181). The case study methodology is suitable when the aim is to gain multiple views of a single organization, a single location, a single process, or a single person at the point of time or a specific period of time.

This research focuses on a single process, more specifically, the internationalization decision of a family firm. “The basic case study entails the detailed and intensive analysis of a single case” (Bryman & Bell, 2007, p. 62). When conducting a single case study, researchers usually aim to explain the unique features of the case. Furthermore, Yin (2012, p. 14) mentions that “the central tendency among all types of case study, is that it tries to illuminate a decision or a set of decisions: why they were taken, how they were implemented, and with what result”

This research studies a specific family firm which has extensive experience in engaging in international activities, moreover attempting to explain which and how family-specific resources affected their decision to internationalize.

In business research, the case study is often used when the phenomena are hard to study away from its natural setting (Ghauri & Grønhaug, 2010). In this study, similarly, examining the effects of family-specific resources on internationalization decision is difficult to study outside from the family firm, since those family-specific resources are deeply embedded and influence
all activities of the firm, and are also are not explicit. Hence, considering those aspects, a single case study design seemed more suitable to be carried out for this research.

3.2 Data collection

3.2.1 Population and sampling strategy

The term ‘population’ refers to the group of entities that a researcher wants to draw conclusions (Easterby-Smith, Thorpe, Jackson, & Jaspersen, 2018). As we are conducting a case study, even though it is not necessary to investigate the population, it was considered to be an interesting aspect to include in this study. The population can be considered as the whole set of FSMEs in Sweden. As stated earlier, two-thirds of all firms in the world are family firms which create 70-90% of global GDP (Family Firms Institute, 2017). Especially in Scandinavia, there is quite a significant number of family businesses contributing to the economy of the countries. As mentioned earlier, Andersson et al. (2017) have identified 410,000 family firms in Sweden which has at least one employee, during the period 2004 to 2010 in their study with the use of numerous sources. However, considering the period of research and other various constraints such as availability and access to information, a complete count of family firms cannot be stated to date.

In general, qualitative research takes nonprobability sampling (Cooper & Schindler, 2011). There are several types of nonprobability sampling including purposive sampling, snowball sampling, and convenience sampling. Our study is carried out using purposive sampling. Purposive sampling is useful when a researcher wants to choose participants randomly “for their unique characteristics or their experiences, attitudes, or perceptions” (Cooper & Schindler, 2011, p. 167). In this thesis, for our single case study, a company was arbitrarily chosen for its several characteristics. First, the family firm is currently operated by the second generation. Second, the company was chosen for its experience in engaging international activities as it has managed to expand their market and sales through exports to several countries around the world within a period of less than 10 years only after the business was taken over by the second generation.

Furthermore, a family firm which produces candy and exports to several countries was chosen to be studied, as it was found to be interesting for the reason that Sweden is well known for consuming a large amount of candy in the world and there are some small and medium-sized family firms within the confectionery industry that successfully engage in international
activities including exports. To collect in-depth information on how family-specific resources contributed or influenced internationalization decisions, and also to observe how they managed those resources, a multimethod will be used to gather in-depth data of the family firm.

3.2.2 Qualitative interviews

In order to get a deeper understanding and a clear picture of how the available resources influenced the selected family firm to make the internationalization decisions, a qualitative interview was chosen as the most suitable tool. Qualitative interviews are guided conversations based on a set of questions which follow a certain objective and usually aims for obtaining in-depth understanding of a certain topic or experience (Charmaz, 2016). In qualitative research, the interview tends to be less structured compared to interviewing in quantitative research as the stress is more in formulating interviewee’s own perspective. Two major types of qualitative interviews are unstructured and semi-structured interviewing. The unstructured interview usually starts from just one question from the interviewer, then the conversation continues based on the answer of the interviewee.

On the other hand, in a semi-structured interview, the researcher leads the conversation based on the interview guide which contains a set of questions that cover a particular topic (Bryman & Bell, 2007). With the purpose of this exploratory research, a semi-structured, individual depth interview (IDI) technique was selected since it can provide a more accurate and in-depth idea of participants’ perspective. Therefore, a range of open-ended questions were prepared as an interview guide in order to cover the research question.

Out of the six family members who own the family firm, four family members are directly involved in the management of day to day activities currently, where various sources including qualitative interviews were used to acquire a deep understanding of their involvement and decision making in day to day activities as well as the internationalization process of the family firm.

3.2.2.1 Interview design

Several hours of in-depth interviews were carried out with the selected interviewees to gather data. They were contacted through email, phone, Skype and face-to-face interviews, as well as several visits to the company to understand the day to day activities. Once the data was coded, a few more follow-up questions were also used to clarify and acquire more details on how and why they made certain internationalization decisions.
Table 3. Basic outline of the interview guide

<table>
<thead>
<tr>
<th>Scope</th>
<th>Questions</th>
</tr>
</thead>
<tbody>
<tr>
<td>Family firm overview</td>
<td>Can you tell us more about the origin and the history of the firm?</td>
</tr>
<tr>
<td></td>
<td>What are the main operations/activities of this company?</td>
</tr>
<tr>
<td>Internationalization strategy</td>
<td>Which internationalization activities does your family engage?</td>
</tr>
<tr>
<td></td>
<td>Do you engage in other internationalization activities other than exports</td>
</tr>
<tr>
<td>Social capital</td>
<td>What do long-term networks (with international contacts, suppliers, employees, and the like) mean for your international activities?</td>
</tr>
<tr>
<td></td>
<td>How did you build the long-term networks that helped for your internationalization activities?</td>
</tr>
<tr>
<td>Governance and structures</td>
<td>What does it mean for you to keep control over critical resources (such as human capital, new knowledge or technologies) in your internationalization strategy?</td>
</tr>
<tr>
<td></td>
<td>How do you feel about external managers making decisions on behalf of the family firm? Why?</td>
</tr>
<tr>
<td>Human capital</td>
<td>Who made the decision to go international?</td>
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<tr>
<td></td>
<td>How would you describe the role of the family members in determining the internationalization plans?</td>
</tr>
<tr>
<td>Survivability capital</td>
<td>As a family member in the firm were/are you willing to invest your savings or other assets to internationalize (while knowing the risk)</td>
</tr>
<tr>
<td></td>
<td>Were/are there other family members who were/ are willing to invest their personal savings/ assets to grow the business?</td>
</tr>
<tr>
<td>Patient financial capital</td>
<td>Was it financially challenging to start the internationalization process?</td>
</tr>
<tr>
<td></td>
<td>How did you acquire the required financial resources? (Family members/ external investment/ bank loans)</td>
</tr>
<tr>
<td>Reflection</td>
<td>In your opinion, what factors contributed the most for internationalization of your firm? (financial, acquired skills &amp; capabilities, long term view, relationships)</td>
</tr>
</tbody>
</table>

The complete interview guide is attached in Appendix A. Questions were adapted from Koopman and Sebel (2009) and revised according the requirement of our thesis.
3.2.3 Secondary data

In addition to the primary data derived from qualitative interviews, secondary data is also considered as a second data collection tool for this research. Secondary data refers to the data that was collected for different purposes by other researchers (Bryman & Bell, 2007). Two main types of secondary data are internal sources and external sources (Ghauri & Grønhaug, 2010). As secondary data are useful to get a better understanding of the problem, this study employs both secondary data from external sources such as online database (Allabolag, Amadeus) to get specific information (i.e. financial performances, change in board members) about the company over period of time, and internal sources including company reports on international activities. Moreover, information from press releases and other interviews available online were also utilized when conducting this thesis.

The foremost advantage of using secondary data is time and cost efficiency. Moreover, they help a researcher to interpret and understand the primary data (Ghauri & Grønhaug, 2010). However, secondary data have some drawbacks such as not fitting in research topic as they serve a different purpose, hence it is important to consider it when collecting and analyzing them (Easterby-Smith, Thorpe, Jackson, & Jaspersen, 2018).

3.3 Data Analysis

“Data analysis techniques should be planned at an early stage of the research process and not simply selected as an afterthought” (Crowther & Lancaster, 2009). Easterby-Smith, Thorpe, Jackson, & Jaspersen, (2018) further mentions that it is advisable to have a clear design that covers “the main questions or propositions, the unit of analysis, links between data and propositions, and procedures for interpretation of data”. As this study attempts to recognize the family-specific resource that affects on internationalization decisions, through a case study, it could be considered as an expressive study that attempts to investigate on unique features of a certain family firm where the findings may not be generalizable to other contexts (Easterby-Smith, Thorpe, Jackson, & Jaspersen, 2018).

The data analysis approach of this thesis will follow a hybrid approach to thematic analysis and content analysis. The thematic analysis assumes that the codes should be developed from the data itself by the investigator, whereas content analysis assumes that codes are generated prior to the data analysis (Neuendorf, 2019). Content analysis is mainly used in quantitative research
since it is defined as “the systematic, objective, quantitative analysis of message characteristics” (Neuendorf, 2017, p.1).

On the other hand, thematic analysis is largely used in qualitative research as it aims to develop a story based on extracted patterns and themes from the text (Braun & Clarke, 2006). Although our research is founded on five capitals of family-specific resources, considering that our research is based on a case study with ample rich data, we aim not to be restricted by the defined five capitals. Therefore, we carried out a hybrid approach in data analysis. In a hybrid approach of content analysis and thematic analysis, first prior coding schemes are developed based on theoretical consideration as in content analysis, then additional codes are emerged through the process as in thematic analysis (Brough, O’Driscoll, & Biggs, 2009). The hybrid approach particularly goes along with semi-structured interviews (Neuendorf, 2019). In this thesis, our interview guide is designed with open-ended questions to acquire detailed information on the five specific capitals where the majority of the data collected will be related to these five capitals. However, other factors were also identified within the data during the data analysis process.

As our research purpose is to identify family-specific resources within five capitals that affect internationalization decisions, we had a draft coding scheme. However, we used the scheme as a guide, not as pre-set codes. After transcribing and re-reading the data, first, we generated initial codes from each part of the data that was relevant to our research question. Then we utilized open coding on other parts of the data.
Miles and Huberman (1994) have suggested three interactive processes when analyzing qualitative data namely, data reduction, data display and conclusion drawing, and verification. Therefore, initially, all data was coded based on the phrases in the data reduction stage and then further categorized based on the five capitals and other factors in the data display stage. Once the data was categorized based on the five capitals, we were able to recognize themes based on influencing factors for internationalization decisions. As the final step of the analysis, conclusions were drawn based on the themes.

Even though we had ample of data, it was decided not to use any qualitative analysis software since we believed that we could handle all the data we gathered through the interviews, press releases, company website, and other websites. Furthermore, we preferred to read all data and gain a thorough understanding of them rather than using software, to ensure that we do not miss/overlook any data. We have also used several tools and techniques mentioned in Sharma et al. (2013) to review our findings as well as during the analysis.

3.4 Research quality

Different from quantitative research, qualitative research should be evaluated according to alternative criteria which are trustworthiness and authenticity (Lincoln & Guba, 1985). Trustworthiness criterion consists of four criteria that are credibility, transferability, dependability, and confirmability.

Credibility is concerned with ensuring that the researchers have accurately understood the social world since there can be several possible statements of a view of social reality (Bryman & Bell, 2007). In order to ensure the credibility, triangulation techniques were used in this research. Triangulation refers to ‘using more than one method or source of data in the study of social phenomena’ (Bryman & Bell, 2007, p.412). First, data were gathered from multiple sources which are primary data including qualitative interviews and observation from company visits, also secondary data such as financial reports, online databases, and news articles. Second, in order to see in full perspective, we interviewed both family members and non-family employees in the firm. Moreover, another aspect that ensures the credibility of this research is that both authors were present in all interviews and involved in the data collection and the data analysis.

The second criterion of trustworthiness of qualitative research is transferability. There has been a great deal of discussion concerning generalizability of case study research, and how a single case can be representative (Bryman & Bell, 2007). Since qualitative research usually focuses
on deep understanding of a small group or individuals, rather than the breadth as in qualitative research, generalizing the findings ‘in some other contexts, or even in the same context at some other time, is an empirical issue’ (Lincoln & Guba, 1985, p.316). In a single case study, although the generalization is not feasible, researchers’ interests live in a rich amount of detail of a single case. However, Geertz (1973) encouraged qualitative researchers to produce thick description, which refers to by providing sufficient amounts of the details of a phenomenon, the conclusions of qualitative research can possibly be transferable to another context. Therefore, we aimed to create a thick description by providing detailed information on which and how family-specific resources affected the decision to internationalize based on our single case study.

Dependability, which is the same as reliability in quantitative research, refers to ensuring that the findings are in accordance with the raw data that are collected, and there is no misguidance in the report (Lincoln & Guba, 1985). According to Lincoln and Guba (1985), in order to enhance dependability, researchers should adopt auditing techniques. Koch (2006) recommended that dependability can be developed if a reader is able to audit the actions of the researcher. Several researchers suggest developing a research audit trail to ensure dependability. The audit trail is a technique to ensure reliability in qualitative research, confirming that the findings are consistent on the raw data instead of the researcher’s own bias and preconception (Carcary, 2009). We developed the audit trail by recording all phases of the research process. In addition, we provided the table of coding that shows how we had made the analysis where a reader can follow the analysis.

Confirmability refers to ensuring that while knowing that achieving the complete objectivity is not feasible in business research, the researchers should be clear that they conducted the research without their inclination of personal values or bias (Lincoln & Guba, 1985). Confirmability of qualitative research can be achieved through an audit trail, triangulation and reflexive journal (Bowen, 2009; Lincoln & Guba, 1985). As mentioned earlier, by using triangulation and audit trail, we can ensure the confirmability of this research.

Besides these four trustworthiness criteria, the criteria of authenticity should be considered (Lincoln & Guba, 1985). Through taking interviews from all family members that are involved in the business, as well as non-family employees, we ensured the fairness criteria of authenticity.
3.5 Research ethics

Easterby-Smith, Thorpe, Jackson, & Jaspersen, (2018) adapted from Bryman & Bell (2007) the following research ethics to be practiced when conducting research:

1. Ensuring that no harm comes to participants. (Protection of research participants),
2. Respecting the dignity of research participants. (Protection of research participants)
3. Ensuring a fully informed consent of research participants.
4. Protecting the privacy of research participants.
5. Ensuring the confidentiality of research data.
6. Protecting the anonymity of individuals or organizations.
7. Avoiding deception about the nature or aims of the research.
8. Declaration of affiliations, funding sources, and conflicts of interest.
9. Honesty and transparency in communicating about the research.
10. Avoidance of any misleading or false reporting of research findings.

| Figure 5. Key principles in research ethics |

As this research is carried out using a case study method, it is quite unlikely that any physical or mental harm was caused to any of the participants. Furthermore, the dignity of research participants is protected or non-applicable as this research does not perform any experiments. The participants were informed on what the research is regarding, what is intended to be achieved by collecting the data, where privacy and confidentiality of the participant and collected data were assured by using password-protected external hard drives to store data where it was only accessible by the researchers (us) of this thesis. The interviews were held in closed spaces and a friendly atmosphere was maintained throughout to ensure that the interviewees felt comfortable. Furthermore, all data is planned to be deleted once the thesis is completed. Name of the organization and the participants is not mentioned in the thesis to ensure privacy and any sensitive information is not shared without the consent from the participants. Moreover, details observed in the data will be reported truthfully as research findings, to avoid false reporting.
4. Empirical findings

This chapter provides a general overview of the company that was chosen for this case study, and outlines the empirical findings that were collected through the primary and the secondary data.

In order to ensure privacy of the organization and the participants, the family firm, as well as family members are given fictional names. The family firm will be referred to as Sweet Kandy in this thesis. The family consists of six members.

<table>
<thead>
<tr>
<th>Family members</th>
<th>Names (fictional)</th>
</tr>
</thead>
<tbody>
<tr>
<td>1 Father</td>
<td>Gustaf</td>
</tr>
<tr>
<td>2 Mother</td>
<td>Hanna</td>
</tr>
<tr>
<td>3 Eldest son</td>
<td>William</td>
</tr>
<tr>
<td>4 Second son</td>
<td>Alex</td>
</tr>
<tr>
<td>5 Daughter</td>
<td>Lisa</td>
</tr>
<tr>
<td>6 Third son</td>
<td>Tim</td>
</tr>
</tbody>
</table>

*Table 4. Case study Family details*

4.1 The company history

The family firm investigated in our case is a Swedish family firm founded approximately 40 years ago (Company website). Initially, they imported and sold nuts to other sellers in Sweden, where Gustaf acted as the middleman. Then Gustaf realized the potential of selling candy in Sweden. Later on, he opened his own small shop and sold the imported nuts and candy through his shop.

“I completed my master’s, but for many years I could not find work. At that time, I just had my second kid. I was looking for a way to support my family, nuts were quite a delicacy those days, so I thought why not I start selling nuts and see how it goes and then I thought why not I try the same with candy, but candy was not so big those days” (Gustaf)

Around 10 years later, another branch was opened in a close city where they managed to make more sales and get more attention. The store was strategically located close to a movie theatre and the younger kids found the store as an interesting place since it was in the middle of the city.
“He forced us to work in the shop. Actually, we started working in a shop when I was 11 or 12 years old. And we did not have any holidays. In order to not make the kids (us) spoiled, we even had to work in every weekend and every holiday.” (Lisa)

All family members were involved in the business in some way from the inception where mainly the three elder children helped in the store on a daily basis.

“I literally grew up in our candy shop. So I had all this experience about how things work, where to find products, how things happen in factories… then I thought to myself, we can start make and manufacture our own stuff, it shouldn’t be that difficult…since we already had the stores we could get our customers to try it and get feedback in no time” (Alex)

The family firms started manufacturing their own candy after the year 2000, and toward the end of the decade, they had plans to export their products and expand their market to Europe. At this time, they only had five nonfamily employees where over the years it has grown up to approximately 50 nonfamily employees in Sweden.

4.2 Generational change

![Figure 6. Illustration of family generations](image)

The second generation took over the family business after the year 2000 where Alex and William managed the firm for a few years. Then, William resigned from the board for a personal reason where Lisa stepped in and got involved more in the family business soon after completing her university education.

“Fifteen years ago, he [Gustaf] said ‘Children, now you have to take over’, because you need new thinking, I mean he does not know about social media and so on.” (Lisa)

Even though the majority of the management of the firm is carried out by the second generation, the involvement of the first generation is still significant.
“If I don’t work, I’d die. So I work every day and help my kids. You know it’s important to have good relations with my clients because they have been with me through the years… more than 30 years!” (Gustaf)

Not only the father but also the mother still manages one of the stores in Sweden.

“I take care of our first shop. We never sold it. I am always around the shop, because that’s like a hobby for me.” (Hanna)

The children are aware that even though the father is retired from the business, he still prefers to get involved in the business in some way.

“My father’s role is he only has connection with old clients, because they’ve been with him like 30 years, and he don’t want to mess that out.” (Alex)

4.3 Ownership

Before the generational change, the owners of the family firm were Gustaf and Hanna, where both of them were board members. After 2000, Gustaf stepped down as one of the owners. Currently, Hanna, Alex, and Lisa are board members and are actively involved in the business. Alex is the CEO of the firm and Lisa is involved with recruitment and accounting of the firm. William and Tim own the same number of shares as Alex and Lisa, but are not involved in the family firm activities at all based on their personal preference. We used the three-circle model which was adapted from Sharma et al. (2013) to illustrate ownership of the family firm.

![Figure 7. Illustration of family ownership using three circle model](image-url)
4.4 Internationalization

The internationalization process was initially planned by William and Alex towards the end of 2009 (Press interview II, 2009). However, since William left the family business, Alex worked on his idea of growing their family business through internationalization. Alex had many friends who were either studying or working abroad where they kept asking Alex to send Swedish candy to them. This gave Alex an idea of exporting to other countries as he was constantly looking for opportunities to expand their family business beyond Sweden. “*I always dreamed of seeing Sweet Kandy around the world*” (Alex).

The first country they exported was to Australia where Alex had a friend and was interested to team up with Alex to expand Sweet Kandy and position a branch in Southern part of Australia (Press interview I, 2015; Interview with Alex, 2019). He applied the same method to export Sweet Kandy products to other countries where his friends worked together with Alex to expand to several other countries.

Today they export to more than 40 countries around the world where they have strategically placed more than five offices/warehouses in different continents. IKEA became interested with Sweet Kandy as they were growing fast and already were exporting to many countries independently. Sweet Kandy has been collaborating with IKEA for a few years where their products are exported to the warehouses of IKEA in the respective country. Currently, their products are sold through over 300 branches of IKEA around the world (Press article I, 2018).

They have almost 150 employees around the world where the total amount of employees is around 200. Their total sales income from exports ranges from 60 to 70% currently (Press article II & III, 2018).

*Figure 8. Annual sales revenue of the family firm (AMADEUS, 2019; Allabolag, 2019)*
An annual year is calculated from June to May the following year according to the annual reports of the family firm (Sweet Kandy). After internationalization, Sweet Kandy has managed to increase their operating revenue significantly within the past 10 years as per shown above. Even though their collaboration with IKEA paved the way to different markets, Sweet Kandy has the capacity to survive independently without the income generated through IKEA.

“In Sweden, our turnover, which lands on approximately 350 million coming financial statements, is independent of IKEA.” (Lisa)

4.5 Family-specific resources

4.5.1 Human capital

As all the children were involved in the business from a very young age, they have gained an in-depth knowledge about the industry and the business.

“I literally grew up in our candy shop. So, I had all this experience about how things work, where to find products, how things happen in factories” (Alex).

They have seen how their father did negotiations with prospective clients and suppliers. They have worked together with the parents from the beginning and have understood trends in the market and the demand in different seasons of the year. Therefore, it is evident that generation two have acquired a thorough understanding and knowledge of candy business which is not easily transferable and also can be considered as a valuable family-specific resource that is generally present in family firms.

“When you’re a family company, you work from your heart like 100%. If you just work in a company, you don’t put 100% of you, we are working like 24 hours a day. Like I’ve never been with my children. It’s work, take them home, work. Working all the time. But you know, it makes me happy. People like to do something that makes them happy. It is like that. And you know when you see like your parents happy like ‘Oh my children are working together’, I mean that’s happiness for me.” (Lisa)

The family members show high commitment to the family firm where they act for the benefit of the firm. Another quote that further confirms their commitment to their family firm is as follows: “When I opened my first shop, I used to work 24 hours a day” (Gustaf).
Siblings who are involved in business have educated themselves with relevant degree programs where their skills capabilities align with the business operational requirements.

Sweet Kandy pays a lot of attention to their employees where they ensure that all employees are treated equally and that they fit in to the culture of the firm. If not, they will be replaced with a suitable candidate. The family members take steps to maintain a strong relationship with their employees where they believe that they should treat their non-family employees in such a way that they would feel as a part of the business and create win-win situations to gain loyalty and retain talent.

“...They go to new courses all the time to learn new stuff. We talk about the work, like ‘what did you do, do you need anything, did you travel somewhere may be, did you meet some people?’ So we are trying to make everybody feel like they are needed all the time. You need to keep your employees happy all the time.” (Lisa)

4.5.2 Social capital

They had strong and long-term connections with their suppliers and customers. From the founding generation, the base of the network has been extending. “Without this long-term connection that we have, it will never work. So we need them and they need us” (Gustaf). Moreover, the second generation has long-term relationships with many of their current employees:

“All our childhood friends are still working with us. So we’ve been with them for 17 years. I am 33 this year, they are in my age around 33, all married. We have kids, we have all grown up together. So the company is still like a family” (Lisa).

The childhood friends of the second generation used to work in the business/store when they were in high school. The strong relationships or friendships that were built over the years has helped them to engage in internationalization.

“We did go international because we had friends in different countries. And they were like ‘Oh the people are asking for Swedish candies’, that’s how my brother saw the potential that will open the door for us to export more” (Lisa).

Further, the choice of country was made based on the network through their long-term friends.

“We had friends in every country, and the choice of the country was because the friends
were in the countries already, and they were asking us the candies, and we were like of course we’ll do this for you” (Alex).

Besides strong trust between family members, based on the long-term connections with other stakeholders, trust has been built within the firm. They emphasized the importance of having trust in their relationships. Alex also mentioned that trust is the foundation of their business and the cornerstone of their internationalization success.

“But in our business, we always need to trust the people. Because if we don’t trust them, we don’t get the chance to go anywhere.” (Alex)

In addition, since the period of their friendships are long term and also because all of them are from Sweden, they speak the same language, share meanings, and narratives that provide a foundation for strong communication.

“It’s like working in Sweden. Because they speak in Swedish, and everything goes to the Swedish office, and from Sweden we ship everything.” (Lisa)

4.5.3 Patient financial capital

Family members have a long-term view. “We all think in long-term. I think usually family companies see long way forward.” (Alex). This long-term view helped them to engage in internationalization and manage financial capital more effectively.

“It [long-term view] affected us in a way that we wanted to be more at the places, so it helped us in that way. Long term is like you put more effort for the company. If we were not a family firm, I don’t think we would travel this much as we do, because we need to travel all the time and see how they [offices] are doing and put love to the company all the time. Long term view helped to think of exports.” (Lisa)

On the other hand, they have shown one of the features of a typical family firm, which is unwillingness to share equity with non-family members. They have a strong intention of keeping all shares or ownership within the family members. Hence, they prefer bank loans over external investments or external owners.

4.5.4 Survivability capital

Besides the willingness to invest their personal savings, family members have shown devotion to providing their services without financial gains as they have a sense of belongingness to the
family business as owners. “I would never mind working for the company for free [...] because you love your work, you don’t care.” (Alex)

A few years ago, when the company experienced some financial struggles, family members had worked without salary.

“I did not get payment. At that time, I did not get a payment for 5 months, actually I did not feel bad at all. It’s our family business, that’s why.” (Lisa)

Especially during the international process, they have struggled for needing a large amount of financial resources, whereas family members except Gustaf had contributed with their savings.

“Even though Gustaf was against it, I know my son. He always thinks about how to grow our company beyond Sweden. So I knew, I need to support him somehow. And now Gustaf is very proud of Alex [laugh].” (Hanna)

Investing personal savings to the family firm is considered normal for family members. They have invested their personal savings when the firm was in need of investments. “We have used our personal savings in the company” (Alex).

“Few years ago, we were at the bottom of everything, and we were like, ‘Oh my God! we can’t take any salary!’ we were starting to build and so we have to take our savings and out in everything. I think it’s quite normal when you have a family company.” (Lisa)

Furthermore, participants have shown their willingness to contribute to the growth of their firm in the future. “Of course, it’s our own business. We are always ready to contribute with what we have” (Gustaf). Their willingness to contribute free labour, loaned labour and financial support provided the firm a safety net to sustain during the hard times of internationalization.

4.5.5 Governance and structure

The owners monitor all activities of the firm quite closely to ensure that all processes are carried out based on their objectives. The involved family members hold unofficial daily meetings with the family members and weekly meetings with the non-family employees. All activities of employees are closely monitored within the offices where keeping control in the family is completely important for the involved family. They also make frequent visits to their foreign branches to depict their family involvement and commitment to all their employees abroad.
“We have control on every section in the company, like all the offices. We go through them every day to check out what’s new. I talk with finance and then we go to the guy for the design to see what’s the design you are making. So we go through all the offices every day. Every Friday we have a meeting so that they can present what they have. Usually, they have to put everything to the server we have.” (Alex)

Once the ownership was transferred to the second generation and Alex became the CEO, two of the major changes he made were manufacturing their own candy and engaging in internationalization with the intention of developing or growing their family business.

Furthermore, the family business maintains a flat governance structure where the employees are provided with the opportunity to share their thoughts and concerns with the respective person whenever necessary. During our observations, we noticed that all employees maintain a friendly work environment with respect for each other. In one of the press interviews Alex mentions how he values employees more than his consumers as he strongly believes that when employees enjoy their work, they would, in turn, do best for their customers lost (Press interview I, 2015).

4.6 Other findings

Other than information regarding the five capitals, we also came across more data during our interviews which assisted us to get a clearer idea of the behaviour and practices of the family business, such as conflicts, external resources, entrepreneurial & risk-taking behaviour and nonfamily employee perspective.

Conflicts

The roles in the family firm are clearly defined. Even though they have an idea on what each family member does, and speak with each other on a daily basis, they try to keep out of each other’s business to avoid conflict. They care about maintaining peace in the family.

“...because if we all work with the same stuff, we tried once, it did not work. We were like killing each other, so now...we never like involved in each other’s businesses. I never go to my brother and tell him that you should do it like this and that. And he will never put his nose in my business. But every day, we talk like ‘how was the day? what did you do?’” (Lisa)
Furthermore, the second-generation siblings support each other emotionally and financially in the business and in the family most of the time. The elder siblings assist the youngest sibling financially for studies abroad and all siblings have the same ownership of the firm even if they are not involved in the business. The proceeds of the business are equally distributed to avoid conflict in the business and in the family.

“...but I was on my brother's side because I always support him because if he doesn't have my support we wouldn't be where we are today because his thinking is so big” (Lisa)

The internationalization decision was not approved by Gustaf and it created some friction between the generations, specifically between the elder siblings (Alex and Lisa) and father (Gustaf). However, the elder siblings are also aware that their father was content with the state of the family business before international engagement and he wants to avoid risk whenever possible. The siblings also know that their father is not very open to new ideas which is one of the reasons why he prefers not to be a part of the board where he is somewhat forced to listen to future plans with new ideas.

“...my father was against it. He said it will never work, international!, they have everything everywhere, in Sweden we have like, it's a small country and we have a small amount of everything but I was thinking big, I still think big!” (Alex)

They further engage in trading activities with other candy producers within Sweden and have created a win-win situation to minimise enemies in the same industry. However, it was mentioned that currently, they do not have any competitors competing at the same level.

External resources

The family members have no intention of getting external investments as they prefer to keep complete control of the company. They believe getting external investors will give the external investors power and voice over them. Therefore, they have acquired a large bank loan to support their international activities and expand their production capacity.

“...it's ok to get loans, you know without that you can never expand and get bigger because it is very hard, it is a large amount you need, and I don't think anybody has that amount of money, and you need that to get bigger” (Alex)
However, they did get some assistance from external organizations that provided them with information and guided them through the export process. Currently, they have employed two lawyers to overlook the documentation and other legal administrative activities.

“No, no way! If you pull someone from outside to invest money in the company, they have a lot of control because money controls everything. If they do control, still our family business won't be a family business, it will like their business. They will have a voice, we will be like, feel like small people in front of them, they will be like we own you” (Alex)

The family members, especially Gustaf, Alex and Lisa are very much against getting external CEOs or any other external human resources who would have decision making powers within Sweden.

“Never! You know my father has been there for such a long time. And the last word will always be his. In that age, you don’t trust anybody. To give somebody the title that they will take a stand to say something about the company, and it’s not family, that would be against everything. He will never agree on that one, never.” (Lisa)

They would rather have a friend they trust to manage international activities rather than employing a skilled professional. However, they are aware that at times it is important to hire external resources with powerful contacts to pave the way to various markets.

“I think we have to be open because I mean even if we have people in the place, maybe we need a leader that's bigger than them to make something like, to make bigger connections, we are not there yet, but I do not think it will ever happen in Sweden” (Lisa)

Non-family employee perspective

Initially, the family firm had only five non-family employees who assisted with supply chain management. Currently, they have approximately 50 employees who work in factories, warehouses, etc. The number also includes staff that deals with daily activities, including accounting, social media, administration, marketing, and product design.

“I don’t feel like an employee of Sweet Kandy I’ve been here for so long and I’ve known them pretty much all my life and I really really enjoy it. [...] newcomers can find it a bit challenging because we have a really special culture and some can’t actually fit in” (Non-family employee I)
Majority of the non-family employees have been with the family firm for over 5 years and some for over 15 years. The non-family employees who have been with the family firm for over 15 years are mostly friends of Alex. The siblings believe that they have come this far because of their close friends and their hard work.

“We started exporting about 9, 10 years ago and we didn’t have this many (employees) before and, at that time (before exporting) we didn’t have this many factories and warehouses to manage and I think it was slow at first and then we grew quite fast and everything happened fast, Maybe I work a bit more now but other than that everything is the same for me” (Non-family employee II)

Entrepreneurial and Risk-taking Behaviour

According to the interviews with Alex and his family, it was mentioned how he continuously showed interest to improve his skills by learning the processes, acquiring relevant knowledge and his desire to grow the family business in various ways. His out of the box thinking, taking responsibility and winning mindset to do his best were some of the other characteristics which were mentioned. As a child, Alex played basketball and he could burst into tears if he lost (Press interview I, 2015) which confirms his need to win attitude. However, he also shows patience and perseverance, where he shared a childhood memory as, one of the best deals he made which took him more than a year to achieve (Press interview I, 2015).

Furthermore, Alex mentioned how he felt responsible for the family business even as a child as he had the desire to make his parents proud and make something for himself. He always felt that he should make great achievements due to his childhood experience.

“Throughout my life, I have seen myself as an underdog and known that I have to disprove everyone.” (Alex, Press interview I, 2015)

After the generational change, Alex was determined to grow their family business beyond the borders of Sweden. Even though Gustaf was strictly against the whole idea of internationalization, he did not mind the risk of taking the chance to go international.

“I am like ‘Okay you're [Alex] like way over the top come down to earth’ but he has like a vision in his mind” (Gustaf).

Alex has always come up with ideas on how to improve the business and has pitched them to his father since he was a kid, even though Gustaf did not pay much attention to implement them.
However, once Alex implements them without his father support and shows positive results, Gustaf has appreciated them. “If you need a big win, you need to risk big as well” (Alex).

At times he makes investment decisions independently and informs family afterward. “He [Alex] always takes risks. Sometimes, he [Alex] tells me only afterward” (Hanna)

His siblings are aware of his risk-taking behaviour, and he is well known for being a visionary.

“I am not the one taking risks, he takes all the risks. He can put a lot of money in a lot of projects. I will never put that amount in a project, but he is like you know it's win or it's lose, but I think that is what got us where we are today. Even when he loses, he doesn't care, he's like you know what it'll work out! He is like that...” (Lisa)
5. Analysis and Discussion

This chapter first provides an example of how the codes and categories were generated. Then it presents the analysis based on the five capitals. Later, it provides the analysis of other factors that were found based on the raw data.

5.1 Sample of codes

The following is a table as an example to display how codes and categories were identified from the data. We coded all transcripts separately, then compared the coding, and identified categories together.

Table 5. Sample coding

<table>
<thead>
<tr>
<th>Key findings</th>
<th>Codes</th>
<th>Categories</th>
</tr>
</thead>
<tbody>
<tr>
<td>Alex “I always dreamed of seeing Sweet Kandy around the world”</td>
<td>Dreamer</td>
<td>Vision</td>
</tr>
<tr>
<td>“…my father was against it. He said it will never work […] but I was thinking big, I still think big…”</td>
<td>Disagreement</td>
<td>Conflict within family</td>
</tr>
<tr>
<td>“If you need a big win, you need to risk big as well”</td>
<td>Risk taking behaviour</td>
<td>Risk taker</td>
</tr>
</tbody>
</table>
| Lisa “I am not the one taking risks, he takes all the risks. He can put a lot of money in a lot of projects. 
I will never put that amount in a project, but he is like you know it's win or it's lose, but I think that is what got us where we are today. Even when he loses, he doesn't care, he's like you know what it'll work out! He is like that…” | Risk taking behaviour | Risk Taker                  |
|                               | Win or lose           |                             |
|                               | Doesn’t mind losing   |                             |
| Gustaf “I am like ‘Okay you're [Alex] like way over the top come down to earth’ but he has like a vision in his mind” | Vision/dreamer         | Entrepreneurial behaviour   |
| Hanna “Even though Gustaf was against it, I know my son. He always thinks about how to grow our company beyond Sweden. So I knew, I need to support him somehow. And now Gustaf is very proud of Alex [laugh].” 
“He [Alex] always takes risks. Sometimes, he [Alex] tells me afterwards” | Disagreement           | Risk taker                  |
|                               | Family support        |                             |
|                               | Looks for opportunities for growth |                             |
|                               | Risk taking behaviour |                             |
| Employee I “Alex’s mind works in a very different way, he always thinks out of the box and doesn’t really mind making mistakes, at all” | Doesn’t mind losing    | Entrepreneurial behaviour   |
|                               | Thinking out of the box |                             |
|                               | Risk taking behaviour |                             |
5.2 Human Capital

As per the findings, Alex, Lisa, and William grew up in an environment where they gained deep levels of firm-specific tacit knowledge as defined by Coleman (1988) and Sirmon and Hitt (2003), which provided confidence to Alex to engage in internationalization. The family members/siblings acquired knowledge, skills, and capabilities throughout, as the father ensured their involvement and participation in the business since they were young where this type of knowledge is generally rare, difficult to transfer and imitate. Some of the main characteristics of resources that can create a competitive advantage for business are having resources that are difficult or costly to imitate and non-substitutability (Habbershon & Williams, 1999; Sirmon & Hitt, 2003).

As stated by Horton (1986), all family members show high commitment toward their business where they maintain warm and friendly relationships with their employees to make them feel like a part of the family. Kets de Vries (1993) further mentions that in a well-managed business, employees will feel that they are part of the family, with a common purpose, a sense of identification and commitment. Sweet Kandy takes various actions (e.g. annual all-employee meeting, Friday breakfast meeting) to keep those relationships close.

Having extended knowledge regarding the industry, the business as well as gaining relevant knowledge and capabilities over the years through higher education, having high commitment to the family business confirms the presence of all characteristics of human capital in Sweet Kandy where possession of these characteristics positively influenced Alex to make internationalization decisions. Another factor that may have influenced his internationalization decisions could have been the emotional support he received from his siblings and mother, which shows the warm, friendly and intimate relationships within the family.

5.3 Social Capital

As earlier mentioned, social capital defines and identifies resources within the relationships between individuals or between organizations (Burt, 1997; Hoffman, Hoelscher, & Sherif, 2006). Furthermore, Nahapiet and Ghoshal (1998) have identified three dimensions namely; structural (network ties and configuration), cognitive (shared language, meanings, and narratives), and relational (trust, norms, and obligations) (Sirmon & Hitt 2003). Furthermore, Sharma (2008) refers to two constituents of social capital namely ‘bonding’ and ‘bridging’ capitals.
During the analysis, we noticed that networks, friends, trust were most commonly mentioned by all interviewees under the social capital category that is consistent with bridging capital, which is explained earlier in the literature review. Alex, who is the focal actor in the business, made use of bridging capital, which allowed him to accomplish his growth goals through internationalization through his network of friends.

Bridging capital generally creates access to valuable information, advantageous negotiations, recognition of viable opportunities, and gaining influential and powerful positions (Sharma, 2008). Alex chose to capitalize on the identified viable opportunity of exporting because of his long-term friends who were living abroad. The choice of countries to export, the positioning of offices was mostly decided based on his network of friends. He decided to work with them as he trusted them.

Trust also plays a major role in Sweet Kandy as they prefer having people whom they can count on, as employees. They are not hesitant to replace employees in the business with someone they trust.

Having several friends abroad where these friends spoke the same language, shared the same values and norms, made it quite convenient for him to communicate with them and implement his family business expansion idea. His decision of exporting to many of the countries was based on the locations of his trusted friends abroad, therefore it is evident that existence of this network as a specific resource and trust immensely influenced the internationalization decisions. His expansion decision and entry mode were greatly influenced due to this network of trusted friends where they did not even consider a step by step expansion method which is generally common for family business expansions.

5.4 Patient Capital

Patient capital is different from typical financial capital as the intended time of investment is much longer hence it is a type of capital that is invested without the threat of liquidation for long periods (Dobrzynski, 1993). It is further indicated that family firms tend to have a long-term view where they make effective capital management decisions due to their willingness to develop the firm for future generations (Sirmon & Hitt, 2003). Sweet Kandy is keeping a long-term view of both generations. And this long-term view leads them to manage their finances efficiently, and to a willingness to contribute with what they have for the company, in times of need.
According to Sirmon and Hitt (2003), however, family firms also tend to face with limited resources due to their unwillingness to share equity with non-family members. Our case was yet another family firm which depicted this characteristic. All involved family members, especially the father, expressed the strict opinion about not accepting external investments. Therefore, they did not take offers of external investors during their internationalization process. Instead, they obtained a bank loan to internationalize.

5.5. Survivability Capital

Survivability capital such as free labor, loaned labor, additional equity investments, or monetary loans provide a safety net for a family firm to sustain during an unsuccessful expansion or economic crisis (Sirmon & Hitt, 2003). From the data, it was clear that they have strong willingness to contribute their time, effort, and finance to their firm without any financial gains. During the initial years of internationalization, when the company faced financial problems, family members had worked without any salaries.

Due to internationalization, many aspects of the company were changing such as rise of number of employees which resulted in increase of salary expenses. Therefore, they felt that they should not take a salary. Moreover, they indicated that they are always ready and willing to work without a payment.

Furthermore, family members have used their own savings for the family business at times when Sweet Kandy was in a difficult situation. Furthermore, they consider investing from their personal savings as a normal thing to do since it is their own business. Having high patient capital helped Sweet Kandy to survive through the growth.
5.6 Governance & Structure

<table>
<thead>
<tr>
<th>Family involvement in Ownership</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Family Operator</strong></td>
</tr>
<tr>
<td>Controlling Owner</td>
</tr>
<tr>
<td>Controlling Owner-Family Operator</td>
</tr>
<tr>
<td>Family Supervisor</td>
</tr>
<tr>
<td>Controlling Owner-Family Supervisor</td>
</tr>
<tr>
<td>Family Investor</td>
</tr>
<tr>
<td>Controlling Owner-Family Investor</td>
</tr>
</tbody>
</table>

*Figure 9. Analysis: Configurations of family involvement in ownership and management by Nordqvist, Sharma, and Chirico (2014)*

As per the configurations of family involvement in ownership and management developed by Nordqvist, Sharma, and Chirico, (2014) (Figure 9), Sweet Kandy fits well in cell two for the reason that the business is owned by all siblings and managed by two (Alex and Lisa) family operators. The use and allocation of resources are thoroughly managed by the owner group and the firm demonstrates reluctance to lose control. Furthermore, the authority is concentrated within the small group of the operating siblings. The operating siblings as well as the involved family members speak to each other on a day to day basis and have unofficial family meetings whenever necessary which provides a suitable platform to voice opinions and views (Nordqvist, Sharma, & Chirico, 2014).

As per Gomez-Mejia, Makri and Kintana (2010) and Fang et al. (2018) ownership can result in variations in internationalization based on economic and non-economic goals of family owners (Chrisman, Chua, Pearson, & Barnett, 2012) and the governance power the family holds (Carney, 2005) As previously mentioned in the findings, Alex as the controlling owner had great influence on the internationalization decisions where his goal of making Sweet Kandy a well-known Swedish brand globally. Therefore, Alex’s governance style could be considered as the resource which allowed the family business to take the risk and necessary steps to grow the business beyond Sweden.
As a family firm, they control all operations of business where they make regular visits to their offices abroad and customers, which shows their desire or need to monitor all activities around the world. By maintaining a flat structure in the business, they have made decision making faster. As the owner of Sweet Kandy, Alex made strategic decisions to gain beneficial performance outcomes on behalf of all the stakeholders of the family business which shows low agency costs which is common for family businesses (Sirmon & Hitt, 2003).

Therefore, it is clear that the governance and structure of the family business too influenced on the internationalization decisions. Family firms manage to gain cost advantages that create competitive advantages in an environment with limited resources through efficient utilization of social capital and investments, where Alex used limited financial resources and his network and negotiation skills to create long term benefits for his family business by making a decision to engage in internationalization.

5.7 Resource Management

As previously mentioned, if a family firm yearns to gain a competitive advantage, firm specific resources must be effectively managed. Resource management is a continuous process which involves resource inventory, bundling, and leveraging where resources such as technological, financial, and managerial capabilities, entrepreneurial orientation affect organizational performance (Sirmon & Hitt, 2003). Alex utilized his managerial capabilities to internationalize while his entrepreneurial orientation affected the internationalization decision as well as the overall performance of Sweet Kandy. He understood the requirement of manufacturing their own candy to cater to the demand, therefore, he acquired the necessary infrastructure accordingly.

They further used their ‘familiness’ such as the desire to keep control of all activities, willingness to work ‘around-the-clock’ to achieve family firm goals etc. with the acquired financial resources from the bank and networks to create a new way to generate income. This confirms the statement made by Forcadell, Úbeda, and Zúñiga-Vicente (2018), which is that ‘familiness’ can be used to create new heterogeneous resources by combining them with acquired resources from the market where the new heterogeneous resources will further improve the performance of the firm.

Strange, Filatotchev, Buck and Wright (2009) further indicate that instead of exploiting existing resources, some research on RBV has emphasized the potential of enhancing resources of a
family firm through internationalization. Sweet Kandy has managed to enhance their financial and network resources through internationalization.

Therefore, it has become clear that Sweet Kandy has efficiently managed their family-specific resources and external financial sources such as bank loans in order to internationalize successfully. As the owner of Sweet Kandy, Alex utilized his knowledge including deep tacit knowledge, negotiation skills, and capabilities along with his personal network to grow the family business beyond the borders of Sweden. Without efficient management, they would not have been able to grow their business to this extent.

5.8 Heterogeneity

According to the sources of heterogeneity framework developed by De Massis et al., (2018), family involvement affects behavioural propensities and they further affect strategic drivers of family firms. Sweet Kandy is currently owned by generation two but the involvement of generation one is clearly visible where generation two mentions that the father of the family makes the final decision. At the same time, the children make strategic decisions without the consent/support from the father. Hence, heterogeneity evidently exists in family involvement and behaviour of Sweet Kandy.

Furthermore, the extent to which the family is involved in the business and their behaviour has directly influenced the goals and resources of the business. Alex’s long-term friends creating an opportunity for him to expand their local business to worldwide business, more entrepreneurial and risk-taking behaviour and strategic decision making on manufacturing candy after ownership change are some of the factors that clearly depicts the heterogeneity of Sweet Kandy.

5.9 Others

5.9.1 Generational change

During Gustaf’s period as the controlling owner, expansions beyond Sweden was not even considered as a possibility which relatively confirms that “family firms are often risk-averse and reluctant to expand beyond domestic boundaries” (Chua, Chrisman, & Sharma 1999). In a generational influence on internationalization study by Fang et al. (2018), it is mentioned that later generations and internationalization is positively related while founder generations and internationalization have an adverse association. Furthermore, it was founded by their study.
that founder generations show more willingness to use their high levels of knowledge-based resources engage in internationalization than later generations (Fang et al., 2018).

It appears that their claim of later generations’ willingness positively associates with internationalization applies as true as per our findings from Sweet Kandy. However, we cannot conclude whether the knowledge-resources would have influenced the founding generation in Sweet Kandy to engage in internationalization as Gustaf had no intention of growing the business beyond their local market. We believe that it is fair to say that the second generation had more knowledge resources and other resources such as networks to capitalize on to grow the family business which indeed influenced the internationalization decisions, while even the existence of these resources would not have made a difference for the founding generation as the founding generation did not demonstrate any willingness to make decisions to grow the business through internationalization.

5.9.2 Conflict

Even though Gustaf is proud of his son’s achievements over the years, he did not approve any of his ideas regarding internationalization activities. He knew Alex is well-versed about the business but he did not want Alex to take such a risk. McKee, Madden, Kellermanns, and Eddleston (2014) mentions three types of conflicts namely; task, process and relationship where it appears that the type of conflict this family firm had was a task conflict which can be explained as a disagreement existed between the family members regarding certain goals that Alex was attempting to accomplish. Not only internationalization, but many decisions or ideas Alex, Lisa, and William came up with have not been taken into consideration by Gustaf when he was the official owner of Sweet Kandy. Considering Gustaf’s exit style, he can be categorized as a monarch since he still attempts to keep control over main strategic decisions of their family firm where he has been with the business since inception, which is over 35 years.

Alex and Lisa tend to make their own decisions at times and inform their father later on since they generally expect some resistance or criticism from their father. However, the family members who are involved in the business appeared to care about maintaining peace and a strong bond in the family as much as possible by communicating with each other on a regular basis.
5.9.3 Entrepreneurial behaviour

Another aspect that we found interesting in the findings was entrepreneurial behaviour of Alex. According to the psychological school of entrepreneurship, entrepreneurs are defined by their three key personalities which are personal values, risk-taking propensity, and the need for achievement (Cunningham & Lischeron, 1991).

All three characteristics can be found in Alex. In the interview, Alex explained how he feels responsible for his family business, to work hard to create a well-recognized brand and maintain the reputation. For Alex, being responsible for his family business and his family name is very important.

Second, all family members, including Alex, agreed that he is not afraid to take risks in order to achieve something big. It shows he has high risk-taking behaviour. According to Mill (1984), entrepreneurs differ from managers by one key factor which is risk-bearing. Moreover, entrepreneurs tend to take moderate risks in circumstances where they have a certain level of control or skill rather than taking extreme risks (McClelland & Winter, 1969). As he had been working in an environment with candy from his childhood, he had deep tacit knowledge and skills. In addition, when he decided to take a risk for internationalization, he had some degree of control because he knew his friends.

Third, he has high need for achievement. McClelland (1965) stated that entrepreneurs have a higher need for achievement. Moreover, he stated that if people learn the value of industriousness when they are growing up, they tend to have more need to achieve something meaningful and to work hard. As in the findings: “I still think big...”, “If you need a big win, you need to risk big as well” etc., we can see his desire to achieve great success, and his need to prove himself as capable as everyone. Therefore, it is definite that Alex has the personality of an entrepreneur. Further to this, his entrepreneurship has been recognized and appreciated on a national scale based on several criteria.
6. Conclusion, contributions and suggestions for future research

This final chapter concludes the thesis by outlining the key points, the contribution to literature, limitations and provide suggestions for future research.

6.1 Conclusion, contribution and future research

- What and how family-specific resources within human, social, financial, survivability and governance capitals affect internationalization decisions?

In order to advance the general understanding of the influence of family-specific resources on internationalization decision, this thesis studied which and how family-specific resources affected the decision to internationalize based on information from a rich single case.

Growth through internationalization for any type of an organization can be challenging where it could be even more daunting for a family firm due to their personal and emotional attachment. Albeit the extent of importance or contribution, it could be concluded that resources play a vital role for internationalization of family firms. However, Sweet Kandy managed to grow their small family business with only five employees to a medium sized family business by providing over hundred and fifty employment opportunities around the world as they made use of their unique resources and dared to engage in internationalization. Once the literature review was performed, based on our research question a thorough data collection and analysis was carried out.

As per our case study, Alex has great entrepreneurial orientation whereas his need to “disprove everyone” and sense of responsibility could have directly contributed his decision of growing the family business through internationalization. Three out of four children in the family were involved in the business relatively from a young age which gave them an overall understanding of the business as well as deep tacit knowledge. However, it is clear that tacit-knowledge alone did not play a role in internationalization decision. It may have affected to a certain extent, but along with his knowledge, his entrepreneurial and risk-taking behaviour, higher need for achievement and his governance style played a greater role when internationalization decisions were made.

Furthermore, the existence of bridging capital which is specifically the network of long-term friends greatly affected the internationalization decisions such as the decisions made on mode of entry, choice of country to export, strategic placement of offices and so on. Moreover, their
ability to gain significant financial input as a bank loan provided them the capacity to capitalize on the export opportunity without losing control through external investments. If Sweet Kandy was unable to acquire a bank loan, the internationalization decision may have been greatly affected since the family does not approve external investments.

Through our findings and analysis, therefore, it could be concluded that while the tacit knowledge he had gained provided Alex the confidence to take a risk and grow his business to the next level through internationalization, his trusted long-term network of friends, support from his sister and mother and the bank loan were quite important and influenced the internationalization decision. The generational ownership change further gave Alex more freedom to implement his ideas which may have directly influenced the internationalization decisions. His governance style and the flat structure may have affected the speed of making internationalization decisions. The uniqueness of the family involvement, use of network,
generational change, governance, and structure demonstrate the heterogeneity of Sweet Kandy as a family firm, which confirms that family firms operate differently.

Family members’ willingness to invest their personal savings in the business over a long period of time due to their long term view (Patient capital) and their willingness to provide labour without a payment or pool of savings (Survivability capital) contributed the internationalization process of Sweet Kandy but it is likely that they did not influence the internationalization decisions.

As stated earlier, this study contributes to family business research field, it further verifies that generational change has an effect on internationalization. In our research, we noticed that later generation and internationalization are positively correlated while the founding generation and internationalization are negatively related. In addition, risk-taking behaviour also has great influence on family firm internationalization, which is plainly perceptible as per our case study. In general, the findings from our research substantiates heterogeneity of family firms, how some family-specific resources influence internationalization decisions and how a family firm could manage their existing resources efficiently to grow the business.

Figure 10 illustrates the overview of analysis or our conclusion, on a visual form for better understanding on which and how family-specific resources and other factors affected internationalization decisions of Sweet Kandy. The level of importance assigned to each factor in Figure 10 is based on our observations of the findings. As we have not used any statistical tool of measurement, the importance is relative to our point of view. We hope that this research has shed some light on research on the internationalization of family firms, more specifically, the influence of family-specific resources on internationalization decisions.

We further believe that studying the degree of influence of each family-specific resource, generational change and entrepreneurial behaviour with the use of several family businesses would provide a better view on heterogeneity and how heterogeneous family firms manage their family-specific resources and other factors to engage in internationalization. This can be done by testing relationships between family-specific resources and internationalization performance. More specifically, studying which factors within five capitals affects more on successful internationalization would give a valuable insight into family-specific resources and internationalization. Moreover, a longitudinal case research that studies family firms from pre-internationalization till post-internationalization can provide more detailed information about the internationalization process.
6.2 Limitation of the study

As our exploratory study was based on a single case study, it is quite natural that generalizability of the findings is relatively low. Even though we used several sources and methods to collect information and data relevant to the case study to acquire a clear overview of behaviour of the family firm, it is possible that we may have missed certain information due to time constraints to observe the family firm over a significant period of time.

It is likewise important to keep in mind that family firms tend to protect their innermost feelings when speaking to an outsider, but as interviewers, we felt and assume that our interviewees shared their thoughts honestly. Another factor to consider is the fact that interpretation of interview data can be biased based on the viewpoints of us, where we may have overlooked certain aspects.

The analysis was carried out using a combination of content and thematic analysis framework. We had predetermined categories which we paid more attention to when collecting data to ensure that we collect information as much as possible within these categories. Even though we attempted to collect and find data on other resources and factors that may have affected internationalization decisions, the possibility of overlooking certain information must be considered as a limitation in our research. However, as our research focused on a specific area, one could argue that the other factors may not be relatively important to our study.

Another limitation is language. Majority of the secondary data we collected from websites for our research was directly translated from Swedish to English as we are not fluent in Swedish. It is possible that direct translations may provide relatively erroneous information that may have affected our perception or interpretation of information.

Furthermore, all the interviewees participated in our research are Swedish where the interviews were conducted in English. To make the interviewees more comfortable, we translated our questionnaire to Swedish with the help of some Swedish friends. However, since the interviews were conducted in English, it is possible that the interviewees were limited to a certain extent when sharing their thoughts as they spoke in English.
7. Reference List


## Appendices

### Appendix A: Interview guide

<table>
<thead>
<tr>
<th>Scope</th>
<th>Questions</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Family firm overview</strong></td>
<td>Can you tell us more about the origin and the history of the firm?</td>
</tr>
<tr>
<td></td>
<td>What are the main operations/activities of this company?</td>
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<tr>
<td></td>
<td>In which way are the family members currently involved in the business, what are the reasons for these involvements?</td>
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<tr>
<td></td>
<td>Are there family members who own but are not involved in day-to-day management?</td>
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<tr>
<td></td>
<td>What is the number of employees of this firm?</td>
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<td></td>
<td>How is the organization structured? (how many family members owns the business, % of shares in total)</td>
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<tr>
<td><strong>Internationalization strategy</strong></td>
<td>Which internationalization activities does your family engage? (Exports, FDI, JV)</td>
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<tr>
<td></td>
<td>Do you engage in other internationalization activities other than exports</td>
</tr>
<tr>
<td></td>
<td>How was the internationalization process developed? (motivation to internationalize, choice of country, networks, choice of entry)</td>
</tr>
<tr>
<td></td>
<td>In your opinion, what factors helped you decide or feel that you are ready to engage in exports? (friends, finances, acquired skills &amp; capabilities, long term view, other relationships)</td>
</tr>
<tr>
<td><strong>Social capital</strong></td>
<td>What do long-term networks (with international contacts, suppliers, employees, and the like) mean for your international activities?</td>
</tr>
<tr>
<td></td>
<td>How did you build the long-term networks that helped for your internationalization activities?</td>
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<td></td>
<td>How did they assist for you to engage in international activities (exports etc.)?</td>
</tr>
<tr>
<td></td>
<td>How does being a family business influence the development of international contacts and network relations worldwide?</td>
</tr>
<tr>
<td></td>
<td>How would you describe the influence of traditions, shared language, meanings, narratives and etc. on your international business activities?</td>
</tr>
<tr>
<td></td>
<td>How would you describe the influence of trust, norms and obligations (of the network) on your international business activities?</td>
</tr>
<tr>
<td><strong>Governance, structures and costs</strong></td>
<td>What does it mean for you to keep control over critical resources (such as human capital, new knowledge or technologies) in your internationalization strategy?</td>
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<td></td>
<td>How do you feel about external managers making decisions on behalf of the family firm? Why?</td>
</tr>
<tr>
<td></td>
<td>What is your opinion about sharing information (strategic, financial and/or operational) with non-family employees or other stakeholders?</td>
</tr>
<tr>
<td><strong>Human capital</strong></td>
<td>Who made the decision to go international?</td>
</tr>
<tr>
<td></td>
<td>How would you describe the role of the family members in determining the internationalization plans?</td>
</tr>
<tr>
<td></td>
<td>Which family-specific skills, capabilities and family firm specific knowledge were helpful when you went international? Were your family-specific skills, capabilities, and knowledge sufficient in internationalization process?</td>
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<tr>
<td></td>
<td>Did you require external assistance in internationalization process? Were you willing to get external assistance (non-family manager) to internationalize?</td>
</tr>
<tr>
<td></td>
<td>Did you find it difficult to hire and retain the suitable external non family manager/CEOs</td>
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<tr>
<td></td>
<td>What do you think are the advantages and disadvantages of involving non-family managers/CEOs when developing internationalization plans?</td>
</tr>
<tr>
<td></td>
<td>What was the role of family commitment, warm, friendly and intimate relationships, in the internationalization process?</td>
</tr>
<tr>
<td><strong>Survivability capital</strong></td>
<td>As a family member in the firm were/are you willing to invest your savings or other assets to internationalize (while knowing the risk)?</td>
</tr>
<tr>
<td></td>
<td>Were/are there other family members who were/ are willing to invest their personal savings/assets to grow the business?</td>
</tr>
<tr>
<td></td>
<td>Are/were you and other family members willing to contribute time and effort to grow the business without a salary/payment?</td>
</tr>
<tr>
<td><strong>Patient financial capital</strong></td>
<td>Was it financially challenging to start the internationalization process?</td>
</tr>
<tr>
<td></td>
<td>How did you acquire the required financial resources? (Family members/ external investment/ bank loans)</td>
</tr>
<tr>
<td></td>
<td>What have the main financial results been from internationalizing the business? (% of sales contributed by exports)</td>
</tr>
<tr>
<td></td>
<td>What is your opinion about involving external owners in your business in</td>
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</tbody>
</table>
order to finance international activities?

What is your opinion about assuming debts (ex: Bank loans) in order to finance international activities?

What are from your experience the advantages and disadvantages of the absence of external owners/debt-holders in the firm's internationalization process?

Family firms generally think in long-term. How did this play a role when you were deciding in engaging in international activities/export?

Managing family-specific resources

How does being a family owned/managed firm facilitate you in performing international activities?

How does being a family owned/managed firm constrain you in performing international activities?

Can you explain how you managed your family knowledge, skills, networks, and finances to engage in exports?

Reflection

In your opinion, what factor contributed the most for internationalization of your firm? (financial, acquired skills & capabilities, long term view, relationships)

What are from your experience other important factors that contributed the firm to internationalize?

Would you have done anything differently in your internationalization process and can you give us an example?

Questions were adapted from Koopman and Sebel (2009) and revised according the requirement of this thesis.

Follow-up questions

Sweet Candy was founded in year {...} under the name of {...} and then Alex took over in year {...}. Was the name changed and registered as {...} in year {...}? What influenced the decision to change the name?

Exports started in year {...}. But why have you waited until year {...} to export? What were the main reasons for waiting (20+ years) and what really motivated your family business to export?

Would it be possible to know started exporting years of all countries chronologically?
Was there other motivating factors when deciding the countries to export besides the fact that your friends were there? For example: it was due to easier access to those countries such as lenient laws and regulations, having enough production capacity etc. and were there more factors?

<table>
<thead>
<tr>
<th>Can you explain on how you used your family-specific resources (your skills / knowledge / networking / finance / decision making) when exporting to different countries? For instance:</th>
</tr>
</thead>
<tbody>
<tr>
<td>exporting to Australia</td>
</tr>
<tr>
<td>exporting to {...}</td>
</tr>
<tr>
<td>exporting to {...} etc.</td>
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</tbody>
</table>

Can you share with us two drastically different cases of your internationalization experience? How did the two processes differ?

<table>
<thead>
<tr>
<th>When did you start selling your products through IKEA? Did you use existing networks during negotiations or did you build new relationships?</th>
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</thead>
</table>

<table>
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<tr>
<th>When selling to IKEA, how does the supply chain work? For example: are the products sent to IKEA Sweden or are the products distributed to your office abroad and then distributed to IKEA?</th>
</tr>
</thead>
</table>

<table>
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<tr>
<th>Do you also sell your products abroad separately? (i.e. without IKEA)</th>
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</table>

<table>
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<tr>
<th>Do you think you can survive in the market without being dependent on IKEA?</th>
</tr>
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</table>
## Appendix B: Secondary data sources

<table>
<thead>
<tr>
<th></th>
<th>Source</th>
<th>Website/Link</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Allabolag</td>
<td><a href="http://www.allabolag.se">www.allabolag.se</a></td>
</tr>
<tr>
<td>2</td>
<td>AMADEUS</td>
<td>amadeus.bvdinfo.com</td>
</tr>
<tr>
<td>3</td>
<td>Company website (2019)</td>
<td>-</td>
</tr>
<tr>
<td>5</td>
<td>Press interview II (2009)</td>
<td><a href="http://www.entrepreneur.se">www.entrepreneur.se</a></td>
</tr>
<tr>
<td>7</td>
<td>Press article II (2018)</td>
<td><a href="http://www.sydsvenskan.se">www.sydsvenskan.se</a></td>
</tr>
<tr>
<td>8</td>
<td>Press article III (2018)</td>
<td><a href="http://www.svt.se">www.svt.se</a></td>
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</tbody>
</table>
**Appendix C: Overview of coding and categorizing the key findings**

| Key findings                                                                                                                                                                                                                     | Codes                                                                                                      | Categories                                                                                                      |
|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Alex: “I literally grew up in our candy shop. So I had all this experience about how things work, where to find products, how things happen in factories… then I thought to myself, we can start make and manufacture our own stuff, it shouldn’t be that difficult...since we already had the stores we could get our customers to try it and get feedback in no time” | Industry-specific knowledge and experience  
Finding an idea  
Long-term connections  
Valuing the connections  
Dreamer  
Friends in different countries  
Opportunity creation  
Need to trust  
Contributed personal savings  
Willingness to work free  
Love for the company  
Control and regular checks on every office  
Disagreement  
Vision                                                                                                                | In-depth tacit knowledge  
Entrepreneurial behaviour  
Long-term networks/relationships  
Vision  
High commitments of family members  
Trust  
Control of the firm  
Conflict between family members  
External financial support  
Disagreement of having external investment  
Risk taker                                                                                                           |
| “My father’s role is he only has connection with old clients, because they’ve been with him like 30 years, and he don’t want to mess that out.”                                                                                                     |                                                                                                              |                                                                                                                   |
| “I always dreamed of seeing Sweet Kandy around the world”                                                                                                               |                                                                                                              |                                                                                                                   |
| “We had friends in every country, and the choice of the country was because the friends were in the countries already, and they were asking us the candies, and we were like of course we’ll do this for you” |                                                                                                              |                                                                                                                   |
| “But in our business, we always need to trust the people. Because if we don’t trust them, we don’t get the chance to go anywhere.”                                                                                                      |                                                                                                              |                                                                                                                   |
| “We have used our personal savings in the company”                                                                                                                     |                                                                                                              |                                                                                                                   |
| “I would never mind working for the company for free… because you love your work, you don't care.”                                                                       |                                                                                                              |                                                                                                                   |
| “We have control on every section in the company, like all the offices. We go through them every day to check out what’s new. I talk with finance and then we go to the guy for the design to see what’s the design you are making. So we go through all the offices every day. Every Friday we have a meeting, so that they can present what they have. Usually they have to put everything to the server we have.” |                                                                                                              |                                                                                                                   |
“…my father was against it. He said it will never work, international!, they have everything everywhere, in Sweden we have like, it's a small country and we have small amount of everything but I was thinking big, I still think big…”

“...it's ok to get loans, you know without that you can never expand and get bigger, because it is very hard it is a lot of amount you need, and I don't think anybody has that amount of money… and you need that to get bigger”

“No, no way! if you pull someone from outside to invest money in the company, they have a lot of control because money controls everything. If they do control, still our family business won't be a family business, it will like their business. They will have a voice...we will be like feel small people in front of them..., they will be like we own you…”

“If you need a big win, you need to risk big as well”

<table>
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<tr>
<th>Lisa</th>
<th>Need for financial support</th>
<th>Bank loan</th>
<th>External investment = loss of control</th>
<th>Strong opinion on not having external investment</th>
<th>Risk taking behaviour</th>
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<td>He forced us to work in the shop. Actually, we started working in shop when I was 11 or 12 years old. And we did not have any holidays… In order to not make the kids spoiled, we even had to work in every weekend and every holiday.”</td>
<td>Work from a younger age</td>
<td>Succession</td>
<td>New thinking</td>
<td>Dependent from IKEA</td>
<td>Employee relationships</td>
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<td>Fifteen years ago, he [Gustaf] said ‘Children, now you have to take over’, because you need new thinking, I mean he does not know about social media and so on.”</td>
<td>Culture</td>
<td>Family involvement</td>
<td>High commitment</td>
<td>Willingness to contribute to their firm</td>
<td>Responsibility</td>
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<td>In Sweden, our turnover, which lands on approximately 350 million coming financial statements, is independent of IKEA.”</td>
<td>Tacit knowledge</td>
<td>Generational change</td>
<td>Long-term relationships/networks</td>
<td>High commitment of family members</td>
<td>Entrepreneurial behaviour</td>
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<td>They go to new courses all the time to learn new stuff. We talk about the work, like ‘what did you do, do you need anything, did you travel somewhere may be, did you meet some people?’ So we are trying to make everybody feel</td>
<td>Trust</td>
<td>Organizational culture</td>
<td>Emotional support</td>
<td>between family members</td>
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like they are needed all the time. You need to keep your employees happy all the time.”

“When you’re a family company, you work from your heart like 100%. If you just work in a company, you don’t put 100% of you, we are working like 24 hours a day. Like I’ve never been with my children. It’s work, take them home, work. Working all the time. But you know, it makes me happy. People like to do something that makes them happy. It is like that. And you know when you see like your parents happy like ‘Oh my children are working together’, I mean that’s happiness for me.”

“All our childhood friends are still working with us. So we’ve been with them for 17 years. I am 33 this year, they are in my age around 33, all married. We have kids, we have all grown up together. So the company still like a family”

“We did go international because we had friends in different countries. And they were like ‘Oh the people are asking for Swedish candies’, that’s how my brother saw the potential that will open the door for us to export more”

“It’s like working in Sweden. Because they speak in Swedish, and everything goes to the Swedish office, and from Sweden we ship everything.”

“Few years ago, we were at the bottom of everything, and we were like, ‘Oh my God! we can't take any salary!’ we were starting to build and so we have to take our savings and out in everything. I think it's quite normal when you have a family company.”

“I did not get payment. At that time, I did not get a payment for 5 months, actually I did not feel bad at all. It’s our family business, that's why.”

“…but I was on my brother's side because I always support him because if he doesn't have my support we wouldn't be where we are today because his thinking is so big”

Long-term network
Opportunity recognition
Shared language, norms and meanings
Willingness to do what’s required for their firm
Support for family member
High commitment
Importance of father’s opinion
Willingness to keep control of the firm as a family alone
Might need leader with bigger connections
Risk taking behaviour
“Never! You know my father has been there for such a long time. And last word will always be his. In that age, you don't trust anybody. To give somebody the title that they will take a stand to say something about the company, and it's not family, that would be against everything. He will never agree on that one, never.”

“I think we have to be open because I mean even if we have people in the place, maybe we need a leader that's bigger than them to make something like, to make bigger connections, we are not there yet, but I do not think it will ever happen in Sweden”

“I am not the one taking risks, he takes all the risks. He can put a lot of money in a lot of projects.

“I will never put that amount in a project, but he is like you know it's win or it's lose, but I think that is what got us where we are today. Even when he loses, he doesn't care, he's like you know what it'll work out! He is like that…”

Gustaf

“I completed my master’s, but for many years I could not find work. At that time, I just had my second kid. I was looking for a way to support my family. Nuts were quite a delicacy those days, so I thought why not I start selling nuts and see how it goes… and then I thought why not I try the same with candy, but candy was not so big those days”

“If I don’t work, I’d die. So I work every day and help my kids. You know it’s important to have good relations with my clients because they have been with me through the years… more than 30 years!”

“When I opened my first shop, I used to work 24 hours a day”

“Without this long-term connection that we have, it will never work. So, we need them and they need us”

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<th>Responsibility for family</th>
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<td>Opportunity seeking</td>
<td>Attachment to the firm</td>
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<td>Long-term networks</td>
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<td>Long-term relationships</td>
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<td>Valuing the long-term</td>
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<td>connections</td>
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“I am like ‘Okay you're [Alex] like way over the top come down to earth’ but he has like a vision in his mind”

| Hanna | “I take care of our first shop. We never sold it. I am always around the shop, because that’s like a hobby for me.”
|       | “Even though Gustaf was against it, I know my son. He always thinks about how to grow our company beyond Sweden. So I knew, I need to support him somehow. And now Gustaf is very proud of Alex [laugh].”
|       | “He [Alex] always takes risks. Sometimes, he [Alex] tells me only afterwards” |

| Employee I | “I don’t feel like an employee of Sweet Kandy I’ve been here for so long and I’ve known them pretty much all my life and I really really enjoy it.”
|            | “They [family members] really care about us [employees], always asks for our opinions like ‘is everything okay’, ‘do you need something’.”
|            | “Newcomers can find it a bit challenging because we have a really special culture and some can’t actually fit in...” |

| Employee II | “I’ve been with [...] for a while now, it is my first employment and I don’t think I will feel this comfortable in another place, I’m very happy here”
|             | “We started exporting about 9, 10 years ago and we didn’t have this many (employees) before and at that time (before exporting) we didn’t have this many factories and warehouses to manage and I think...it was slow at first and then we grew quite fast and everything happened fast. Maybe I work a bit more now but other than that everything is the same for me” |

| Attachment and involvement | Relationships | Support for family members | Risk-taking behaviour |
| Attachment to the firm | Emotional support between family members | Risk taker |
| Employee’s job satisfaction | Relationships | Care for employees | Special Culture |
| Job satisfaction of employees | Organizational culture |
| Loyalty of employee | Job satisfaction | Long-term relationship |
| Loyalty of employee | Job satisfaction of employees | Long-term relationships/networks |