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Family capital influence on the internationalisation of family firms

A multiple case study of Swedish Family Firms

Bachelor thesis in Business Administration

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Abstract

The purpose of this research is to increase understanding about the influence of the family on internationalisation of family firms in the Swedish context, in terms of family human, social and financial capital. Multiple cases of four Swedish manufacturing family firms were studied by conducting interviews with the family members working in the family firm. A perspective of family capital and its three components of human, social and financial capital, was adopted to analyse the empirical findings. The findings identify several positive and negative influences of the family on internationalisation of the firm. Positive factors include: family members' deep knowledge about the firm, commitment, long-term perspective, family values like honesty, trust. Negative factors include: family firms are slow-to-change, family's strong commitment to local society and family's goal of slow and steady growth. Most factors confirm existing theory, on other theories these findings shed critical lights and some new insights were made. Based on the findings, future research suggestions are made.

Key words: Family firm, Family capital, Internationalisation

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1 Introduction

As a consequence of increasing globalization, Mitter, Duller, Feldbauer-Durstmüller, and Kraus (2014) pointed out that many family firms can no longer only concentrate on the domestic market but go international and seek for opportunities in foreign markets, in order to stay competitive or even survive in the market. Family firms play a dominant role in economies worldwide. Some researchers such as Cromie, Stephenson, and Montieth (1995) have suggested that in some countries, family firms account for over two thirds of all businesses and therefore family-controlled corporations dominate the global economic landscape (Schulze & Gedajlovic 2010).

In family firms, due to the co-existence of the family and the firm and the interrelation among both, there are differences between family firms and non-family firms (Hoffman, Hoelscher & Sorensen, 2006). For example, family employees can work more effectively as a team towards common goals (Hoffman et. al. 2006), because of the shared value and trust between family employees. Additionally, the family capital can be considered as a resource which the firm can use. Thus, it is logical that internationalisation can also be quite different in the context of family firms. Therefore, it makes much sense to particularly focus on family firms for investigating the role of family capital during internationalisation.

This article is organized as follows. Firstly, problem, purpose and research questions are presented. Secondly, the theoretical background to the study is presented: internationalisation is discussed; definitions of family firms are given for the description of family capital in the next section; family capital is analysed from three aspects - family human capital, family social capital and family financial capital; the influences of family capital on the internationalisation of family firms are described. Thirdly, methodology, research method and method of data collection are separately described. Sequentially, empirical findings, the analysis of interview data and conclusions are made. Finally, some practical implications, limitations of the research and future researches are reported.

2 Problem

The internationalisation of family firms is a very young research field with limited knowledge (Kontinen & Ojala, 2010). The factors influencing internationalisation of family firms have been investigated by some researchers and their main findings suggest that the factors that constrain the internationalisation are: unwillingness to accept external professionals, a fear of losing control, risk avoidance, and a lack of financial resources (Gallo & Sveen, 1991; Gallo & Pont, 1996; Okoroafo, 1999;). The factors facilitating the internationalisation of family firms include a long-term orientation, new generation involvement and speed in decision-making (Gallo & Pont, 1996; Menéndez-Requejo, 2005). However, all of the research on internationalisation of family firms focuses on very specific factors but none of them comprehensively researched the factors from the perspective of family capital. To get a more holistic view and to be able to build a broader understanding of how and why the family influences the internationalisation of family firms, family capital at its whole should be investigated.

3 Purpose

The purpose of this research is to increase understanding about the influence of the family on internationalisation of family firms in the Swedish context, in terms of family human, social and financial capital.

4 Research question

How does the family affect the internationalisation of the family firm?

1. How does family human capital influence internationalisation of the firm?
2. How does family social capital influence internationalisation of the firm?
3. How does family financial capital influence internationalisation of the firm?

5 Frame of references

5.1 Internationalisation

Internationalisation is the process of transferring a company's operations abroad (Fernandez & Nieto, 2005). Johanson and Vahlne (1977) describe internationalisation as a business process, where a company increases its scope of operations abroad. The authors also identify two types of internationalisation: "immediate" and "gradual". The first type of internationalisation, immediate or as called in literature "born global" (Knight, & Cavusgil, 1996; Oviatt & McDougall, 1994), describes companies that are international from inception, as the market is too saturated for organic, or steady growth. There has been extensive scholarly research about this type of internationalisation, in family firms and non-family firms, as well as in different industries as suggested by Kontinen and Ojala (2010), so this research will not focus on deepening understanding in this area. The second type is gradual (Cavusgil, 1980, Johanson & Vahlne, 1977). It is the most common type of internationalisation as suggested by Conconi, Sapir & Zanardi, (2014) and our research concentrated on this type of internationalisation. Johanson and Vahlne's (1977) "Uppsala model of internationalisation" is particularly based on and aimed to explain gradual internationalisation.

The authors also describe that gradual internationalisation starts with indirect types of internationalisation, such as export, agents or distributors where the business is not involved in the process directly, and that indirect internationalisation is a "learning process" of the foreign market (Oviatt & McDougall, 2005; Rialp, Rialp, & Knight, 2005). Direct internationalisation follows next, when the company gets enough knowledge about the market specific factors from exporting through trial and error testing (Conconi et al, 2014), it then chooses to transfer its operations by subsidising or joint venturing to that market. Internationalisation is highly desired by most companies, as there are many long-term and short-term benefits. Benefits include: increased sales, profits, security, and innovation as well as less costs (Biggs, 2013).

Exporting is considered the most common foreign market entry mode, due to the minimal business risk and capital required (Leonidou, Katsikeas & Piercy, 1998). Hence, the research concentrates on exporting as an internationalisation strategy.

5.2 Definition of family firms

As the topic of this research is based on the context of family firms, it should be defined what a family firm is. In the literature on family firm, there is no single agreed definition (Chrisman, Chua and Sharma, 2005; Ibrahim, Angelidis & Parsa, 2008; Mitter et al. 2014). However, Karra, Tracey and Philips (2006) point out that there is an agreement that family firms are distinct from non-family firms. In the different definitions of the family firm, some of the most common aspects are ownership and management: family members own the largest number of ordinary voting shares of the firm (Cromie et al., 1995; Crick, Bradshaw & Chaudry, 2006); the management team consists of at least one member from the dominant family who owns the business (Daily & Dollinger, 1992; Crick et al. 2006). If the family owns the majority of stocks and controls the management of the firm, it has a strong involvement in and influence on the firm, which Hoffman, Hoelscher & Sorenson (2006) regard as the basic characteristic that differentiates family firms from non-family firms. Furthermore, the high involvement and influence of the family is the base for family capital (Danes, Stafford, Haynes & Amarapurkar, 2009; Nahapiet & Ghoshal, 1998).

5.3 Family capital

Family capital includes the human, social, and financial resources that are available to individuals or groups as a result of family involvement and influence (Danes et al. 2009; Nahapiet & Ghoshal, 1998). In other words, Danes et al (2009) conceptually defined family capital as the "total resources of owning family members with components of human, social, and financial capital". Of course non-family firms also have human, social and financial capital. However, due to the co-existence of the family and the firm, those are different in family firms compared to non-family firms (Hoffman et al, 2006). Family firm researchers and theorists often use the concept of "family capital" when describing advantages of family firms over non-family firm (Habbershon & Williams, 1999; Hoffman, Hoelscher & Sorenson, 2006). Portes (1998) considered family capital as a primary source of information, influence, control, and solidarity. Increased family capital can improve productivity of family members (Dollahite & Rommel, 1993). Hoelscher (2002) implied that family capital facilitate family members to communicate effectively and efficiently.

In the next sections, family human capital, family social capital, and family financial capital (and other tangible assets) are explained respectively. Thereafter, advantages and also disadvantages gained from these resources are analysed in regard to internationalisation.

5.3.1 Family human capital

In family firms, family relationship and business relationship are so mixed between family members that the duality of these relationships improves the complexity and creates a special context for human capital (both positive and negative), compared to non-family firms. Positive factors of family firms' human capital include extraordinary commitment (Donnelley, 1964; Horton, 1986), firm-specific tacit knowledge (Sirmon & Hitt 2003) and loyalty. Because the family name is often "on the building," family members involved in the business will naturally be more motivated and committed to the business (Rosenblatt, Anderson & Johnson, 1985; Ward 1987). Furthermore, family members develop a deeper understanding of firm-specific tacit knowledge (Sirmon & Hitt 2003), which is difficult to codify and can only be transferred through direct exposure and experience (Lane & Lubatkin, 1998). Because family members have closed and solid connections and are loyal to each other, they are normally willing to make some sacrifices such as longer working hours with no or little compensation and higher flexibility of working roles and assignments, in order to make some contributions to the success of the family firm. (Light & Gold 2008; Rosenblatt et al. 1985). Thus, Herrero (2011) concludes that family employees make better performances than external employees without any family connections with the firm after studying small Spanish family firms managed almost completely by family members. Also, family human capital includes knowledge of "how to do business" handed down from one generation to the next (Dyer, Nenque & Hill, 2014). For example, as was found in the data collected for this research, through informal conversations over the dinner table or football yard, by watching their parents at work, and through summer jobs or other employment in their parents' businesses, children come to understand how to make high-quality products, find customers, and make sales: essentially learn about the business. Moreover, parents or other family members can teach both the mechanics and the art associated with running a business. This facilitates future generations of family members gaining knowledge that is generally unavailable to those outside the family. Such knowledge from personally participating in family firms and learning from parents is generally unavailable to those outside of the family.

On the downside, however, it is often very difficult for family firms to attract and retain highly professional managers (Sirmon & Hitt, 2003), due to the exclusive succession, limited potential for professional growth, lack of perceived professionalism, and limitations on wealth transfer (Covin, 1994; Burack & Calero, 1981; Donnelley, 1964; Horton, 1986). Fiegener, Brown, Prince and File (1996) found that while non-family firms emphasised outside work experience and university training in promotion decisions, family firms rarely did so. So, nepotism is also one of the obstacles to the growth of family firms. Nepotism, which is defined as kinship employment in which a non-objective performance assessment, rather than efficiency, matters when making employment and promotion decisions (Vinton, 1998). Fukuyama (1995, p. 64) remarked that "a single family, no matter how large, capable, or well educated, can only have so many competent sons, daughters, spouses, and siblings to oversee the different parts of a rapidly ramifying enterprise" (see also Vinton, 1998).

5.3.2 Family social capital

Social capital refers to opportunities and resources that arise from relationships between actors in a social network, and it is different from other types of capital, such as financial, physical, or human capital (Adler & Kwon, 2002; Coleman, 1988; Nahapiet and Ghoshal, 1998). Nahapiet and Ghoshal (1998, p. 243) defined social capital as: "the sum of the actual and potential resources embedded within, available through, and derived from the network of relationships possessed by an individual or social unit. Social capital thus comprises both the network and the assets that may be mobilized through that network". This definition points out that social capital is a special resource and asset derived from social networks. Social capital has been regarded as the particular feature of family firms (Salvato & Melin, 2008), compared to non-family firms, because of the involvement of families and the duality of family relationships and business relationships (Hoffman & Sorensen, 2006). Also, some researchers point out that families are critical sources of social capital everywhere (Bourdieu 1993; Fukuyama, 1999; Newton, 1997; Putnam, 1995; Winter, 2001). Hence, social capital in family firms is obviously different from that in non-family firms. Social capital in family firms is called family social capital. Next, the three dimensions of family social capital are discussed: cognitive dimension (norms and shared values), structural dimension (social networks), and relational dimension (social trust) (Winter, 2001). In addition, resources derived from each of the dimensions are explained.

5.3.2.1 The three dimensions

5.3.2.1.1 Cognitive dimension

Cognitive dimension of social capital refers to the production and maintenance of shared values or paradigms, as a result of cognitive thinking, contributing to common understanding and cooperative actions or behaviours (Nahapiet & Ghoshal,1998). Pearson et al. (2008) mentioned that the cognitive dimension of social capital is made up of shared vision and purpose, unique language, stories and culture in the group. Shared value, according to Nahapiet and Ghoshal (1998), is described as a source of organisational advantage. It helps to create common understanding and to focus on same organisational goals, with unified norms, values and ideology.

For family firms, they have very strict norms and values, corresponding to direct affiliation with organisational culture (Bourdieu, 1994). Also, a strong family culture with clearly defined and understood values and norms can result into 'greatest result a business can have' (Aronoff & Ward, 1995). Family culture (norms, values and beliefs) has direct links with the creation of family capital in the business (Arregle, 2007). The cognitive dimension of social capital provides three benefits: solidarity, strong culture and associability.

As for solidarity, generally, family firms are easier to gain advantages by building management systems based on trust and loyalty (Swinth & Vinton 1993). Ward and Aronoff (I991, p. 44) noted that "some firms have eschewed the kinds of policies and practices that build commitment, loyalty, and trust. However, family firms that retain such fundamental values as guides to decisions and operations find themselves at a strategic advantage." Family members are less likely to leave the firms; even if one members does leave, his/her position may be replaced by another family member with the same perspective; when a family member returns to a family-owned business, a place is often found (Svinth & Vinton 1993).

Family firms have strong culture derived from family culture including shared norms and beliefs and/or solidarity, the feature that permits a common understanding of appropriate ways of acting, promotes collective identity and reduces the need for formal controls and transaction costs. (Adler and Kwon, 2002; Nahapiet and Ghoshal, 1998; Denison, Lief and Ward 2004).

As for associability, from cognitive dimension, family social capital brings cooperative goals and actions. Leana and Van Buren (1999, p. 541) state that "associability" refers to the "[...] willingness and ability of participants to subordinate individual goals and associated actions to collective goals and actions." Associability partially depends on high interdependence among family members and "general understandings of work organization, implicit norms, and generalized, resilient trust" (Leana & Van Buren, 1999, p. 549). Lansberg (1999) considered that family firms need discussion and interaction to develop a cohesive, value-driven purpose. Family firms provide special circumstances to create greater opportunities for sharing information and working collectively in the family firm (Pearson et al 2008).

However, Anderson et al. (2005) pointed out that family firms do not consider outsiders reliable, as they do not have the same long-term commitment and instead, might leave, while family values hold stronger relationship between family members. Moreover, according to Fukuyama (1995), family firms select their employees and partners based on the internal culture of the family. Healy, (2004) also mentioned that exclusive family networks may also be used to exclude those who are not considered "like us".

5.3.2.1.2 Structural dimension

The structural dimension of social capital refers to the social interactions within the members of a collective (Pearson, Carr & Shaw, 2008). In family firms, relationships among family members are generally very strong, intense, enduring and long-term (Hoffman et al. 2006). There are two main reasons for this. Firstly, the boundaries between work and family social relationships and family events are not explicit so that interactions between family firm members may continue after working hours (Arregle, Durand & Very, 2007). And secondly, the frequent interactions between family members in family firms can be also kept by some activities outside of work (e.g. family gatherings), as suggested by Mustakallio, Autio and Zahra, (2002) or by constructions of family council (Magretta, 1998). The good relationships among family members are what give rise to high stock of family social capital.

There are two theories that help to understand the benefits of the structural dimension in family firms. The term of network transfer, or "appropriability", describes how ties among one group could easily be transferred to another (Coleman, 1988). Good internal relationships can help to create new external contacts and facilitate cooperation among groups (Healy, 2004). The other theory is the structural hole: which describes how family social capital provides brokerage opportunities in a network and helps to explain the positive externalities of internal relationships to external relationships: some internal agents, such as family members, can be brokers in relations between people otherwise disconnected in social structure, in terms of the information and control advantages (Burt, 1987). Hence, from structural perspective, family social capital provides an information channels and a channels of dispute resolution for family firms. Trusted networks provide effective information channels within the family firm and with outsiders (Hoffman & Sorensen, 2006). Numerous researchers have investigated the benefits of information from trusted networks. Effective information channels facilitate the access to "broader sources of information and improve information quality, relevance, and timeliness" (Adler & Kwon, 2002, p.29). Frequent interactions in trusted networks can save resources to access to information, keep information up-to-date (Coleman 1988) and trigger innovations (Burt, 1987; Coleman et.al., 1966). Powell and Smith-Doerr (1994) and Podolny and Page (1998) insisted that firms can acquire knowledge, technology and skills by effective interrelations between organizations. Meanwhile, Uzzi (1997) found that exchanges of fine-grained information among organizations help them all to better forecast future demands and anticipate customer preferences. Moreover, Nelson (1989) who investigated intergroup relationships, supports that frequent external interactions between organizations provide a channel for dispute resolutions and avoid the accumulation of grievances and grudges, generating solidarity that exchange effective and rich information, also pointed out by Krackhardt and Hanson (1993). In addition, because the family has an exclusive network, it can build a reputation for the family and the firm (Coleman, 1988). A good reputation has several benefits when interacting with actors outside of the network, such as lower transaction costs, possible efficiencies in acquiring supplies and/or obtaining capital (Hoffman et. al. 2006).

In contrast, Miller, Brenton-Miller and Scholnick (2008) discuss the inability of family firms to adapt to market changes as a consequence of high focus on internal closed relationships which is exclusive to outsiders. Furthermore, Graves and Thomas (2006) pointed out that family firms are proven to have a limited number of closed external networks, compared to to non-family firms (Anderson, Jack and Dodd, 2005).

5.3.2.1.3 **Relational dimension**

The relational dimension of social capital is also called social trust. The most influential definition of trust is a general attitude or expectation on the behaviour of the individuals or the social system in which these are inserted (Luhmann, 1988; Hardin, 2001). In other words, trust is based on a belief that individuals or organizations in the network have correct intentions and a commitment to fulfil their obligations, not to adopt opportunistic behaviours and cause damage voluntarily (Smyrnios, Poutziouris & Goel, 2013).

In family firms, expectations and obligations between family members exist; that means favours are exchanged more frequently; trust can be build up easily. By contrast, trust between family firms and outsiders is not as strong as that between family members. Consequently, Macaulay (1963) and Macneil (1980) implied importance of building personal trust to keep durable and long-term relationships between family firms and outsiders. Personal trust, monitored by social norms and personal relationships, helps family firms to build stable external relationships with outsiders.

From the relational dimension, family social capital brings family firms some benefits. Arrow (1974, p.23) stated that "trust is an important lubricant of a social system". It is efficient; it saves people a lot of trouble to have a fair degree of reliance on other people's world.' Trust between family members leads to lower monitoring costs, brings high intentionality (perseverance and commitment to the success of the business), lower rejection probability (punishment for mistakes). From a cost saving perspective, Handler (1990) pointed out that family firms share the risk and costs at early stages with only trust-based oral agreements.

5.3.3 Family financial capital

Danes et al. (2009) insisted that family financial capital includes both monetary and physical assets from family members: financial assets are cash or assets readily converted into cash, including pooled money of the family members as well as funds from financial institutions; Physical assets are less readily converted into cash, including real estate, equipment, and production infrastructure, etc. Family firms and family resources might be mixed (Zuiker, Lee, Olson, Danes, VanGuilder-Dik & Katras, 2002). For instance, many owners of family firms fund their firms by their own personal saving and/or by financial resource from family members and community (Kushnirovisch & Heilbrunn, 2007). These financial commitments mean that both individual owners and their families are willing to make sacrifice for the family firm. Also, family firms juggle resources to meet needs during high demand times. For example, family members help in the firm without pay, transfer less firm income to the family for a short time, or ask for temporary help in either family or firm (Winter, Puspitawati, Heck, & Stafford, 1993). However, family financial capital helps family firms to achieve an advantage only when combined with high family human and social capital.

5.4 Family capital influence on internationalisation

As this research is concentrated on family firms, the distinctions between internationalisation of family and non-family firms is firstly necessary to identify. Family capital theory shall be applied to explain the differences. The theory based on family firms explains the total resources available due to involvement of family members (Danes, et al. 2009), including family capital. The main difference between family firms and non-family firms is the co-existence of the family and the firm. This results in family firms being different, compared to non-family firms in several aspects. For example family firms have very closed relationships between its members and resources are shared throughout the network. That is why the family firms are risk averse (Ward, 1998). Closed networks imply the difficulties for network expansion, a problem that limits knowledge flow (Hitt, Hoskisson & Kim, 1997) increasing opportunities for uncertainty, contradictory to non-family firms (Johanson & Vahlne, 1997). It also has an impact on internationalisation as a whole, as it is a very risky decision with great uncertainty, resulting in family separation into active participators and passive sceptics (Dekker, 2013). Also, limited financial capital and physical assets have greater impact on the family firm decision for internationalisation than in non-family firms. As mentioned, the resources are shared throughout the network and are private, so the avoidance of liabilities is higher than in non-family firms (James, 1999), meaning that borrowing assets from outside the network is not a desirable decision.

Next, the advantages and disadvantages of the three components of family capital and their positive and negative influence in regard to internationalisation are discussed respectively.

5.4.1 Family human capital and internationalisation

Family members involved in the business will naturally be motivated and committed to the business so that family members are willing to make some sacrifices. (Light and Gold 2008; Rosenblatt et al. 1985). For example, family members can play flexible roles in family firms, even if some positions are off their interest. Some family firms have some subsidiaries and branches and family members are more willing to expatriate - to work in foreign countries. Family managers are often more committed to the whole business and do not just focus on the specific branches or subsidiaries. Also, the family CEO may learn how to do international business from previous generations if the family firms have experienced several generations, so he/she is more interested in internationalisation and this attitude facilitates internationalisation to some extent.

However, limited potential for professional growth, lack of perceived professionalism, and limitations on wealth transfer may not attract competent external managers for international strategies due to closed ownership of family firms (Fernández & Nieto, 2005). Also, nepotism may lead to incompetent managers in charge of internationalisation affairs.

5.4.2 Family social capital and internationalisation

The family continuously keeps the business in both good and bad times for the long-term, not just for short-term profits (Gallo & Sveen, 1991). Family firms do generally have long-term orientation and this long-term strategy is needed for success in internationalisation, because the international environment is fast changing (Nemkova, Souchon & Hughes, 2012).

As discussed in the last sections, frequent external interactions between organizations provide channels of dispute resolutions and avoid the accumulation of grievances and grudges, generating solidarity that exchange effective and rich information. Especially, ineffective communication can be a great problem during international cooperation and a channel of dispute resolutions help family firms to solve the problem.

Internationalisation researchers noticed that the lack of knowledge and information about foreign markets is one of the main difficulties to overcome (Forsgren, 2002; Erikson, Johanson & Sharma, 1997) and international knowledge may be hard to obtain. However, family social capital can provide an information channel: if some family members are internationally exposed, meaning that family members can speak other language, travel or stay in other countries, it is easy to acquire international knowledge and information about foreign markets (Gallo and Sveen, 1991). Also, some family members who spend long time on other countries can help family firms to bridge new contacts, find new customers, and export in the foreign markets.

However, Gallo and Sveen (1991) mentioned that some restraining effects of family social capital on internationalisation of businesses: a strong commitment to the current strategy may hinder family firms to adapt to international environment; a strong local orientation leads to negative perceptions about international opportunities (Gallo & Pont, 1996; Gudmundson, Hartman & Tower, 1999) and sometimes some family members believe that internationalisation may lead to lose local commitment and upset local roots (Gallo and Sveen, 1991).

5.4.3 Family financial capital and internationalisation

Family members are willing to make financial commitment to the family firm if necessary: lending money to the family firm without interest payment or transferring less firm income to family for a moment. During the process of internationalisation, family firms may get limited financial support from family members. However, compared to non-family firms, family firms often lack the financial resources required for international growth (Fernández & Nieto, 2005), because family firms want to have the control and are not willing to finance from outsider in exchange of ordinary shares.

6 Method

6.1 Qualitative research

The purpose of this research is to investigate the influence of family capital on internationalisation. Since we are interested in understanding the mechanics rather than measuring it, this research is qualitative in nature (Jack, 2005). The information needed to answer the research question is very disperse and indefinite within a field. It implies that quantitative methods could not explain the meaning of data as well as qualitative interpretation could. At the very core, family social elements require qualitative analysis to be understood, as the focus of relations, networking and values is impossible to measure on a scale otherwise.

Another reason to choose qualitative method is that a lot of information is indirect, and needs to be interpreted from the whole context. Emotional, relational and other intangible affiliations cannot be measured easily, as they are too abstract at their very nature. Patton and Cochran (2002) suggests that understanding and interpreting this kind of information based on small samples, lack of stringency and bias of incomplete data is a fact why quantitative research would fail.

Furthermore, qualitative research tends to focus on human behaviour, and assists in creating behavioural patterns. It also implies the importance of emotional and psychological dimensions for a better picture of the situation. Yin (1993) also mentions that analysing data within behavioural issues requires dialogue for how and why answers. Also, the attribution of the social relationships is dynamic, which is an intangible feature and cannot be measured in normal terms. However, it is of high importance in many cases, because the information that is tacit, or hard to express gives much greater perspectives in the research. Using qualitative method, interpretation of this information is more feasible.

6.1.1 Abductive research

Because the information we receive is never predictable, we have chosen to use abductive research method. It allows us to alter the literature review together with the interviews so we can simultaneously identify and eliminate gaps in the literature together with gaps in information needed. Blaikie, (2010) adds that this method is useful when data scope is broad and also allows literature to be reviewed at any time of the process for comparison purposes and clearance of obscurities. Abductive method also allows logical interpretations of the data to take place, which in our case is a necessity, as a lot of ideas and important criteria are indirect and cannot be identified or asked directly. That's why abductive method allows to generate map of data, merge it with existing literature and foresee the flaws that could not be seen otherwise. This allows final results to be drawn much more accurately in our situation.

6.2 Case study

Case Study is a research method which gathers empirical evidence about a phenomenon within present real-world context (Creswell & Maietta, 2002), this is especially important when the phenomenon cannot be clearly distinct from the context (Yin, 1984, pp.119-120). In other words, one or multiple cases are studied in some depth in order to develop an understanding. Especially for complex problems, case studies can be effective. Moreover, Yin (2009, p. 54) points out that case study is effective for research questions that ask why and how questions. These characteristics of case study are the reason that the method of case study was chosen for this research. As the purpose of this research is to increase the understanding of family capital's influence on internationalisation, case studies enable us to develop a thorough understanding about the problem.

There are single and multiple case studies. In single case studies the focus is on one particular case, whereas multiple case study investigates several cases. Yin (2003, p.133) states that having more than one case study in the research is beneficial, as the cases can be compared with each other. Therefore, less case specific and more general conclusions can be drawn. In this research, four cases were investigated: one case with four interviews; three cases with two interviews each.

6.3 Semi-structured interviews

For this research, we have chosen to conduct semi-structured interviews, as it is one of the most popular and trusted method for qualitative data collection (Yin, 2003, p149). Structured interviews strictly follow a constant set of questions (Kvale & Brinkman, 2008, 1a). On the contrary, unstructured interviews, may only contain one or few broad, open-ended questions and the interviewee then asks follow-up questions (Kvale & Brinkman, 2008, 1b) Semi-structured interviews are a combination of the two. In order to give the interview a focus of topic, every interviewee is asked the same questions. However, since the interview questions are open-ended, it depends on the interviewee what he/she answers and in which direction the interview goes. By asking follow-up questions, the interviewer is able to respond to the interviewee and generate more in-depth data. Starting the interview with a given set of questions, ensures that the generated data is related to the purpose of the research. Furthermore, it makes the interviews more comparable.

6.3.1 Interview design

The interview construct was based on Mason's (2002, p.69) suggestion to divide the research question into portions of similar focus. Then, formulate the interview questions so the main idea of these portions is answered so that the data generated would be suitable for the purpose of this research. Following this strategy, we have divided our research question into three variables: family social, human and financial capital. The interview questions firstly were made based on the theories, then tested in our first interviews to see if these questions provide sufficient information and eventually some modifications are made.

The two most important points that we aimed to get data about from the interviews are: internationalisation and family capital. Several questions (and follow-up questions) asked about internationalisation in order to get an understanding of how international the firm is, what the reasons are, where difficulties lie, etc. Based on the three components of family capital (human, social, financial), other questions that aimed at understanding the family members' involvement in the firms and their impact on the internationalisation, were separated into three sections: Human, Social and Financial Capital. Since it is difficult to ask about intangibles such as norms and shared values (which is part of social capital) situational and behavioural questions were asked. In situational question the interviewee is presented with a hypothetical situation and asked how we would act (Kvale & Brinkman, 2008, p.64). Behavioural questions ask about past behaviour, the answer can then be interpreted for norms and values etc. (Kvale & Brinkman, 2008, p.90).

Depending on the interviewee's position in the business, different emphases were made by follow up questions. For example, when interviewing the CFO financial capital questions were stressed, and not so many questions about international customers were asked, due to the limited knowledge of the CFO about customer relations. CEOs have the most knowledge about the company, so interviews were focused on the internationalisation and performance of the company.

6.3.2 Data collection

For this research primary data was collected. Since when collecting primary data you have a specific purpose in mind, therefore the collected data is in line with the specific purpose, which makes it effective to fulfil the purpose. On the contrary, secondary data is may not be related to your specific purpose and may contain more noise.

To fit the topic of this research the interviewed firms should fit three criteria: international, family firm, manufacture. The firms should be international in the sense that they sell their product not only domestically, in Sweden, but also to one or more other countries; may it be through export, subsidy, agents, etc. In addition, the firms should be a family firm according to the definition given above in "Frame of References": the firm should be owned by one or more family members and at least one family member should be working in the management team of the firm. Since we use the method of multiple case studies, in order to be able to compare the different interviewed firms and to have some degree of similarity among them, we only conducted interviews with manufacturing firms.

In order to find firms that would fit those criteria, the online database Retriever was used. When searching for firms on Retriever, the results were filtered according to: location (municipality of Jönköping), manufacturing industry, legal form of business (Aktiebolag; Limited Liability Company). These filters result in a list of over 100 companies. Note, that it is not possible to filter for family firms on Retriever (since there is no single agreed definition). However, when clicking on a firm on Retriever, the names of the executives of the firms are shown. In order to find family firms, we went through the entire list and looked for firms where more than one executive have the same name, which would indicate that the executives belong to the same family. To get more information about the firm and to see whether they might have international operations, we also visited the firms' website (if they had one).

The next step was to call the firms that would seem suitable and ask them if they had some international operations and if they were family firms. If the answers were positive, we decided upon a date and time where we could conduct the interviews. In order to get an impression of the family and to be able to judge how the family impacts the firms, we interviewed at least two family members who are active in the firm. With those companies that are located in the municipality of Jönköping, we conducted face-to-face. However, in the beginning of the process when we were still looking for suitable firms we could interview, we expanded our search to firms located in Jönköping county (instead of the municipality of Jönköping only), as we had already gone through the entire previous list. Therefore, we have conducted telephone interviews with one company that is too far away from Jönköping for us to visit them.

All interviews were recorded with approval of the interviewees, and lasted for around one hour each. Afterwards, all interviews were transcribed. Since some interviewees preferred to have the interview in Swedish, those interviews were translated to English after transcription.

6.4 Data Analysis

Miles and Humberman (1994, p.53) discuss three procedures in qualitative data analysis. Data Reduction, is the first step or summarising data and excluding unnecessary information. The information that is considered unnecessary is still kept, in case the interest to analyse it arises over the research. The second step is Data Display, where data of the findings is displayed or presented in terms of the theoretical boundaries. Here categorisation of the data takes place, also reducing data to the extent of only important information. The final step is Conclusion Drawing, meaning that empirical findings are interpreted in light of the Frame of References, thus verifying (or not) its validity. Here, the categorized information is analysed in terms of confirming or contradicting the theory in terms of findings. Also, new theory might be developed based on the findings. Finally, specific conclusions are drawn and generalised from the findings.

After conducting the interviews, the data generated for our research was summarised by excluding unnecessary information for every company separately. Then summarized data was described in terms of family human, social and financial capital. Eventually, the analysis of categorized data was conducted to find out how each variables affect internationalisation of family firms. Ultimately, general conclusions finished the analysis part.

6.5 Reliability

Joppe (2000, p.1) defines the concept of reliability as follows: "The extent to which results are consistent over time and an accurate representation of the total population under study is referred to as reliability and if the results of a study can be reproduced under a similar methodology, then the research instrument is considered to be reliable".

One main source for unreliability of the data is the bias of the interviewees. In order to make interviewees feel secure and comfortable, all interviews were conducted anonymously. In addition, participant's bias was reduced by interviewing more than one family member of each family firm. Furthermore, we tried to design the interview questions as clear as possible to make sure the interviewee would understand what we were trying to ask. To test the interview questions, three pre-operational (or pilot) interviews were conducted and adjustments were made. We feel that the interviews were very open, and the interviewees' answers were genuine. To make sure that no data was lost, all interviews were recorded. Furthermore, in order to increase reliability, multiple cases were studied instead of just one. And all of the cases were chosen randomly without a bias.

Another source of error could be the data interpretation. Analysis of the data was done by every researchers separately and then it was re-evaluated again together to eliminate misinterpretations and inconsistencies. The peer evaluation eradicates unilateral analyses that would otherwise take place if data had to be analysed by members separately only.

Therefore we believe that the data and data interpretation is reliable and if this research were to be conducted again, similar results would be found.

6.6 Validity

Validity of the research according to Saunders, Lewis and Thornhill (2009, p.156) is that, to the extent, the findings/result of the research match the collected data. In other words, Wainer and Braun (1998) suggest that validity is a construct that determines which data is to be collected and how it should be analysed in order to reflect the issues predefined for the research.

As the interview questions were based on the components of family capital, they should generate data which can effectively be used to answer the research question. The questions were tested beforehand pre-operational or in pilot interviews to see if they provide the information we need, as was suggested by Sekaran & Bougie (2009). After minor changes, the questions provided enough basis for the research, complemented by the follow-up questions. The reason for testing in terms of validity is to see how interviewees understand the questions, so deviations from the research questions could be minimised. We have also conducted interviews at times and places suggested by interviewees. That was strategically planned to keep familiar environment for the interviewees, so they could focus more on the answer rather than stressing about changes.

Data categorization was also done according to the three components of family capital. After the categorization data was analysed, enabling us to base our answer on the three components as well as on the research question.

If data that was not in accordance with theory but still relevant to the research question, was found, it was still included in the findings, analyses and conclusion, to make sure that our findings/conclusion is not biased toward theory.

The only point at which objectivity and validity might suffer is at the interpretation of the data, since this depends on the research's background, goals, etc. (Yin, 2003, pp. 22-24). Since were worked in a group of three for this research, we used each other to verify and discuss the interpretations from the data. This way liability was increased as much as we could.

6.7 Limitations

One limitation is that only family firms from the same industry and country were investigated, whereas service industry for example might have given different results.

Another limitation of this research (which is also a result of the first limitation) is the extent to which it is possible to generalize the results. Due to the fact that the research is based on a very specific and narrow focus and only a few cases were studied. The sample cannot represent the population, as we mentioned before, meaning that other companies may behave differently, so we believe that the limitation of the scope is very important variable in our research. Also the fact that our research was also limited to Sweden, Jonkoping County, limits generalisation of the results, since there are difference between different regions in Sweden and especially among different countries (Amory & Adams, 2003).

It is also vital to identify the limitations of the human factor in our research. Even though our interview questions were prepared to be easy understandable and easy to answer, there is still a possibility for misinterpretation, also the perception of the question, emotions and feelings to affect the final answer. These chances of errors always exist, as human nature is not perfect in any sense. It is even harder to express these intangible factors in our research. However, people we interviewed were very kind and responded explicitly to the questions. We believe that human factor error was prevented to a very high degree in our research.

6.8 Company profiles

The company profile makes overview of interview companies. Also, it shows some background information, industry, ownership of the company, family member involvement in the managerial positions, and international operations.

<table>
<tr><th></th><th colspan="6">Company Profile</th></tr>
<tr><th>Company</th><th>Founded</th><th>Industry</th><th>Employees</th><th>Foreign sales, in %</th><th>No of interviews</th><th>No of family members in the business</th></tr>
<tr><td>A</td><td>1940s</td><td>Manufacturing</td><td>75</td><td>10-15%</td><td>4</td><td>5</td></tr>
<tr><td></td><td colspan="6">The firm is operating since the end of the 1940s, but the current owner acquired it in the beginning of the 1980s. The company has been manufacturing Aluminium and Zink parts for automotive industry since the operations began. The firm has been exporting since the 1900s as well, as the company is a partner with big automotive and other vehicle companies. It has exports through its customers to 14 countries, such as USA, Brazil, and several European countries. Since this year, it has direct exports to Germany. However, the company does not own any subsidiaries. So far, the owner of 100 per cent of the shares is the CEO of the company and has ultimate decision making power. He and his wife are the only family members in the managerial positions, three children work in the manufacturing area. We interviewed the CEO, his wife and two of the three working sons. The main values in the company are loyalty, education, trust. Also, the company is in a process of succession, as it is their priority for future management control.</td></tr>
<tr><td>B</td><td>1992</td><td>Manufacturing/ Solutions</td><td>9</td><td>10-15%</td><td>2</td><td>2</td></tr>
<tr><td></td><td colspan="6">The company has been founded in 1992, by the current CEO and his wife, she joined the company management in 1995. It was equal partnership between the two and another production company, until 1993, when current owners bought the rest of the 50% shares, now it is equal partnership between wife and husband. Company is a seller of ventilation systems for various applications. It had its production, but now it has been converted to be only sales and development. There are 9 employees in the company; the wife is the Chief financial manager, the husband is the Chief Executive Officer. Company is operating through distributors in Holland, UAE, Latvia, Estonia, and has a subsidiary ready for re-organisation in Norway at the moment.</td></tr>
</table>

C	1979	Manufacturing	91	15%	2	2
	The company has been founded in 1937, and has been acquired by the, now, ex-CEO in 1979, together with other partner. Later on, full ownership has been acquired in 1995, and the whole company belonged to the CEO and his wife. After succession in 2003, it has been operating with current CEO ever since, who is the son of previous CEO. His mother is CFO in the company. There are more children in the family, however they are not involved in the management so much. Started exporting in 1980s, indirectly to India, China, Brazil, USA through customers in Sweden, but also directly to Denmark, Norway, and Germany.					
D	1928	Manufacturing	59	95%	2	14
	The company was established in 1867 as a paper factory, now it has developed into producing aluminium production for very wide range of applications. It has been a family firm since 1928, and it is now under control of the third generation of family members. There are five family branches, owning 20% shares of the company each. In each branch, there two to five owners. There are four people family members working in the business. We interviewed the CEO and the Technical Manager, who are both family members. Exports started since 1970s, and international growth is seen ever since. Company is exporting over 90 % of its production abroad, to Asia, Americas, and Europe. Decision making in these companies is collective, due to many family members. Also, management team works in the decision making process.					

7 Empirical findings

7.1 Family Firm A

7.1.1 Family human capital

7.1.1.1 Knowledge

Sons of the CEO/Owner have very deep understanding about the family, because they have been involved in the family firm since they were young: “You can say I was grown in the family firm and I have seen it grow and know how everything works. Also I took some summer jobs in the firm” (The younger son of the CEO/Owner) and sons learn much about how to do business from their father: “children hear a lot about business from their father and children have a good business atmosphere when they were young.” (The wife of the CEO/Owner). Also, “Half year ago, I just launched a programme, owner counsellor, and the whole family (me, my wife and 5 children) is included in the programme, because my wife and I want to train my children and to make them qualified to run and take over my business […] I noticed that none of the sons are qualified to take over the family firm and the children have no advantages over other employees” (the CEO/Owner).

7.1.1.2 Commitment

Because of the commitment to the family and the business, family members in the firm are willing to make sacrifices, such as being highly flexible in their work roles and assignments: “I worked in every departments and now working for maintenance to deal with daily affairs, especially with machines and quality of product […] my father wants more from me than somebody else […] I want to take a higher position rather than to work in maintenance." (The older son of the CEO/Owner).

7.1.1.3 Restraining factors

It is difficult for the family firm to attract and retain highly professional managers due to the exclusive succession and limited potential for professional growth: "I notice that my husband wants the children to take over the firm and now we are preparing for the succession of children which is first priority and, if not, my husband will sell the business." (The wife of the CEO/Owner). "I am very interested in taking over the business and now preparing for the succession" (the younger son of the CEO/Owner). In the family firm, "We need to attract more talents and build up a professional management team including foundry manager, human resource managers, etc." (The CEO/Owner)

7.1.2 Family social capital

7.1.2.1 Cognitive dimension

The family firm has long-term orientation: "Recently, we (family members involved in the business) meet outside of the business and discuss about how we work for 50 years to come […] we now only have suppliers from Scandinavia and previously we have some Chinese suppliers but changed back to Scandinavia because of quality problems. Cheap suppliers with low quality may bring benefits in short run whereas the reputation of high quality will suffer in the long run. We are not considering 5-year but 50-year business." (The old son of the CEO/Owner)

The family has a strong influence on the business including values and they play an important role for the family firm. "My family, especially I as a CEO and owner, has a big influence on the business because I built up everything together with family as well as the employees. So I believe that we have a family spirit/felling in the business. Values that are important to the family are: trust, high quality, loyalty, majority decision and teamwork. We keep the promise so that our customers can trust what we say; quality is very important to us and that is why we are cautious with changing our supplier; we care about loyalty; we accept the majority decisions and I do not use my position to make a decision so that there is a good atmosphere in our firm; teamwork is also important value for us and we have had a lot to do with building up teamwork."(The CEO/Owner). Shared value in the family is beneficial to make solutions of dispute and achieve common goals. "The family stands for the business, and you are proud of the business if it goes well. I, of course, have some disputes with my father, but we try to make some agreements and try to avoid dispute for the sake of the family and the business. Also both of us have the common goals, to make the family and business better." (The old son of the CEO/Owner). "There might be disputes among the children and that is what I feel at least, but they also agree in some way for the business sake. (The wife of the CEO/Owner)

Restraining factor

The family firm has a strong local orientation sometimes resulting in negative perceptions about international opportunities. "I wants to keep the production in Sweden not in other cheap countries, such as Poland, China and Southeast countries, because there is good staff in Sweden and I want to protect the employees because they should have their jobs." (The CEO/Owner)

7.1.2.2 The structural dimension

Information channel

The CEO's contacts can actually provide opportunities for bridging new contacts and finding new customers. "We bought the industry house from the neighbour whose owner is my personal friend to enlarge production capability because of high demands of products and especially of the big coming contract (around two third turnover per year) with a German company. […] I often get some customers through my private friends working in foundry industry in Sweden. For example, I regularly meet other managers in two unions of foundry industry in Sweden, Svenska Gjuteriföreningen and Svenska pressgjuteri föreningen, and I often cooperate with them and therefore build very solid relationships so that I can get some customers from them". "If we (family members) know some international customers before, it is definitely easier for us to contact to do business with them" (The CEO/Owner). Also, family members outside of the family firm give them some professional advices. "My uncle and my cousin run big companies which are not same industry as ours, but often we ask them some professional advices about human resource management, international strategies, etc." (The old son of the CEO/Owner)

Channel of dispute resolution

Trusted relationships between the firm and international customers provide a channel of dispute resolutions and avoid the accumulation of grievances and grudges. "We meet the problem that customers do not pay. It mostly happens in US, because they have a different system. They always have some reasons and we do not know whom we should communicate to solve the problems because there are so many persons. […] we still work with them because we go with Valve and we cooperate for long years" (The CEO/owner).

7.1.2.3 The relational dimension

Trust between the firm and its stakeholders (especially customers and banks) brings a lots benefits: a source of new international customers and strong financial supports. "We keep the promise, they (customers, banks) can trust what we say and we are very competitive because we are very automatized. […] we get international customers from existing customers, especially Volvo. […] we try to visit them (customers) at least once a year. But the most frequently we talk and we visit them a couple of times every year. […] We have the goal to grow about 15 % per year and also have a stable and good economy. The company has been in touch with a couple of banks for a long time, roughly 8 years. Hence, we can get money from these banks."

7.1.3 Family financial capital

The family firm grow 15% per year and the CEO has solid and long-term relationships with some local banks. "We now have enough money because of stable increase of the business. Also, I keep long-term and solid relationships with a couple of banks so that we can borrow money from banks." (The CEO/Owner). They do not ask financial support from family members. "We never ask any financial support from any family members, because we do not want to mix up family and business. […] I do not like borrowing money." (The older son of the CEO/Owner)

7.2 Family firm B

7.2.1 Family human capital

7.2.1.1 Knowledge

It is also reasonable to see, that this company is built on very deep knowledge in marketing. Both of the owners have been working in big companies, particularly with marketing, even though study background is different: "I have been studying in Chalmers in university of technology that we have in Gothenburg, master in science, in engineering. But I am more interested in, not in business, I am more interested in making business of ideas in a way […]. (CEO)" As the company is particularly very young, experience is played very important role in the early stages "yes, my background helps me a lot. But I am not an economist, I am sociologist. (CFO)" however wide range of works and trainings as CFO described, was one of the reasons she is working in the company now. Many skills are beneficial: "In small company you have to have a lot of knowledge, law, technical issues, economic, be very generalist, not specialist. (CFO)" CEO added that "We have been employed before, both of us have made our own career […] so when we started this company, we had this background […] so I think that it is different if you for instance inherit the company." Here CEO explained that professional knowledge is different from the knowledge received through succession, and it is considered more advantageous as it gives much wider array of skills.

7.2.1.2 Commitment

It seems that family commitment is strong in company B. The relatives helped with the development of the company for a while until the company grew so large, the capacity was exceeded. "They produces things for us for about 5 years or so. And then we took over production in our own hands for some years because volumes increased, and they didn't have the capacity to all this (CFO)". In addition, other family members were working overtime, "one of them is electrician, helped to connect every machine and everything, on his vacation, at least 1 or 2 weeks, he get paid (CFO) "meaning that the family relatives were working more than they were supposed to. As mentioned before, they have been paid, but the family factor remained important in this stage of operations.

7.2.1.3 Restraining factors

The size of the company is one of the limiting factors that affect employment of the external managers. As the CFO suggests, managers tend to be the “thinker” but not “doer” type of person. “I had a person that I thought had the skills, […] oh you need hands? Oh no, I am not the right person. I can see that everything will be made, but if it is the hands you need, I am not right. (CFO)”. She also points out that managers tend to be more strategic, but not handy in day to day activities. There is also little possibilities or perspectives in career development, so that leads small family firms in closure from outside managers.

7.2.2 Family social capital

7.2.2.1 Cognitive dimension

The company has a very strong focus for future strategy. Some sacrifices are acceptable as the CEO told: “We can have very long term strategy, I mean we can say that this year profit will not be very good, but it is ok, and we have decided to invest, so sooner or later it will be good.” This means that profit is important for the business, but sustainability in long-run is much more valued as an outcome, so costs are necessary to achieve it.

There are also two criteria business is focusing as a plan for successful strategy – good local establishment and after this is done – more rapid internationalisation. When asked, how CEO sees the company, he described that the growth is imminent: “In professional way, no hurry. This time, [because it was a little bit early, we were not prepared,] so this time have to before we start we have to have a person that is responsible for the export and only that. So we can have follow up, and the yeah and everything planned. It should be in a professional way. This is easy to understand, as the company is risk avoidant, so the good preparation and steady phase seems more giving, than unplanned growth that they have had issues with: “it is a lesson. When things seem to be too good to be true, they are not true.”

Restraining factors

The factor of local commitment is strong in a sense that the company is ready for expanding production but only keeping it in Sweden. “We would never produce in, let’s say, China. It is not a problem, but we would have never done it just to earn 50 öre more and we think it is very nice to produce here, because we know how they have it the factory, we know how they get paid, we know how they do it, and they don’t have to breath strange gasses and chemicals, you know it is a good way for the people here, and then we feel good, and they of course it is very good if you are developing new products, or improving the old ones, it is very good to be close to the production unit, because you have to sit beside them many times, talk to them so you can have a very quick feedback in that way, and that is very important to us, because we are so focused, we’d like to help customers with different solutions so and so on (CEO)" As mentioned, some sacrifices are needed to go hand in hand with company values, so human benefit is more important than profits.

7.2.2.2 The structural dimension

Information channel

Most of the business contacts in firm B are gained through professional network. As CEO describes, customers who liked our products, recommended to their customers, or new customers had a demand for the products. As he recalls "the guy left [Skanska], and he started the company on his own. So he sold our product." Others "found us because they sell radiators and they have a lot of competition with another company who had similar product that we have, so they contacted us" It can be explained as company's product was demanded, it had higher standards "we are very niched, and we decided to just work in very small areas […] and this has been a very good strategy because when you focus and our guys are focused, you learn as much in that field." It can also be interpreted a mouth-to-mouth marketing, as the main idea is that company established professional relationships with very advanced product, eliminating "when you are focused, you can be very good in what are you doing, and by that you have the possibility to become a partner".

Channel of dispute resolution

Trusted intergroup relationships provide channel of dispute resolutions and avoid the accumulation of grievances and grudges. "I would say, once, to help take production, they got paid, so we never "used" any family members. Like it was anyone else, but I used a connection. And of course it is convenient, you know them you can trust them." (CFO, company B). In accordance to trust, company used family relationships to do business, because of several reasons. Firstly, as it describes, it is more reliable, and due to the relationship, it is easier to handle. However, as the interviewee states, it is vital not to overuse the relationship as it depreciates, so "they got paid, so we never "used" any family members".

Limited external relationship

The company B is seeking for personal relations between its partners as he described by "when you are focused, you can be very good in what are you doing, and by that you have the possibility to become a partner (CEO)" Here the limit arises from the size of the company, as the relationship needs time to be developed, and the company is quite young, meaning that it is quite difficult to get hands on with new contacts. Another difficulty is that the products are very specialised, Company had some experiences in finding partners, with little success, as some lessons: " if you meet a guy, who speaks up in the blue, be careful, probably it is not like that." The limitation caused by specialisation has its strengths and its weaknesses. " because you are dealing with so many products, you cannot just rely, you have to check the books, [but when you do] not have very wide range of products, this has been a very good strategy because when you focus and our guys are focused, you learn as much in that field so. So it is different strategies, this is good I think (CEO)"

7.2.2.3 Relational dimension

In the Firm B, family members were involved in the first stages of the company development. As the CFO explained, "I used a connection. And of course it is convenient, you know them you can trust them". Here, she describes the relationship with other family members as more trust based, rather than formal work relationships. It was also beneficial for the company in terms of time; relatives needed money, and the Firm needed someone to help, so it was a "win-win" situation as the CFO described. From another perspective, Firm B emphasises trust based relationships with its customers. Here, CEO describes the resulting relationship, as "You will not have ordinary sales relationship, you will have more a partnership, [...] you do not speak about money so much, you speak about solutions." A clear distinction is seen in the Firm B, meaning that trust based relationships are beneficial to both sides and are prioritised in the business. Here, CEO also says that professional relationship is beneficial. One of the factors is to be honest and trustful when doing business. For example, "we are not sitting here laughing, by making good business cheating everyone, we could have done that, but it is not like that in our company." A clear focus for mutual trust is of great value in Firm B.

7.2.3 Family financial capital

Financial assets in the company have been achieved through previous employment. CFO explains: "You couldn't borrow when you are new, but we had very small mouths, savvy, we didn't spend a lot, we were very cautious on how to spend money CFO." Also the CEO described funding as a result of beneficial circumstances "wife has a very good job and very good salary, so we said ok, I will live on your salary […], because you do not earn money at the beginning of the company, that's the reality." Meaning that the financial base was stable, CEO started the business, as he knew that the situation is not ambiguous. He invested his time and had financial support by his wife, until the business rooted better.

Other financial assets that were used in the business development are the factory of CFO's brother in law "And then we asked my brother in law, he has a company but they were working in not an industrial area […], but they did a very good job."

7.3 Family Firm C

7.3.1 Family human capital

7.3.1.1 Knowledge

The CEO and son of the family has a deep knowledge about the firm. He was involved in the business from a young age on: "I have had summer jobs here when I was young… almost every summer break." and he says that he learned a lot from his parents over the business. Furthermore, he adds "It [learning from your parents about the business] is almost natural when you talk about a family business that is basically a consequence of the whole situation of a family business." He describes it as a natural process or consequence: Because children are much involved in their parents' lives, it is natural that the children build up knowledge about their parents and also about their parents' business since owning a business takes up a big part of your life. Teaching the children about the business, is not something that the family actively worked with, but instead a characteristic of family firms, according to the interviewee.

Also the mother, says that she learned about the firm from her father. After retiring, the mother's father "worked for some years and he was here daily so that we could get the help that we needed." Such long involvement of the previous CEO's is usually not the case in non-family corporations. On the question whether she learned a lot from her father about the business she said: "Yes". According to the interviewee it was beneficial since it helped the family members to learn how to run the business without learning it the "hard way": with no guidance and just learning (or not) from mistakes.

7.3.1.2 Commitment

The long involvement and knowledge about the firm, also fosters commitment. The mother, similar like the current CEO, has been involved in the business since she was young: "You can say i have been involved [in the business] since I was a child, because my father started business. But I worked here for 30 year." And she speaks of her commitment to the business during the interview: "You care about the business you are forced to make it work. And also you care about the employees… So I think it is quite a big difference [between family firms and corporations]." With this statement and also at other points during the interview, the interviewee shows that she is committed to the business. Family C does not only consider the business as a way of making a living; it means much more to them: On the question whether you could say that the family stands for the business the answer is: "Yes, you could say that. Exactly. It's very personal in a way, because it is not just a business. It is a personal thing as well for us as owners I think." There is definitely strong commitment of the family toward the firm.

7.3.1.3 Nepotism (restraining factor)

The high control of the family over the firm also results in some exclusion of non-family members. Firm C does not consider hiring an external CEO. One interviewee of Firm C finds that: "A family member is more personally involved and I think it is important to live in the community, so you can get to know and be involved in the community […] external managers live in another place, so they travel daily so they don't get involved in the lives of employees and I think this is important:" This quote that there are disadvantages of external managers and the family is very unlikely to hire one. In addition, they do not have a board of directors. That means the input from externals is limited. Surely, employees can advance from within the firm, except to those positions who are taken by family members. Nevertheless, the input from externals in Firm C is limited.

7.3.2 Family social capital

7.3.2.1 Cognitive dimension

Values

Values play an important role for the Firm C as profit-maximization is not the single and most important priority. The interviewees mention several values that are important to them, as the following quotes demonstrate: "Honesty and our customers should be able to rely on us and that we are honest to them [...] as I said we work with relations and then it is honesty. I think it's important. Maybe that sounds dorky and obvious, but we have quite many who have a problem with that and who experience that they do not get the help and do not talk the truth when talking with the suppliers." "You must trust one another otherwise it is hard to do business", "We have been open with our business and talked to them [the banks]". The CEO explains one important goal of his and his family: "I want to contribute to our country's development here […] and that our business contributes. Maybe that sounds a little grandiloquent. But, I want that we contribute to Sweden. Of course the focus is to earn money, but we do not need to earn maximum money." As the quote makes clear, the family has quite strong values or goals. Naturally this also impacts how business is done and decisions that are taken. Another interviewee describes the focus of the firm as: "We want to grow slowly in a way, so we can handle all the parts and have a good relationships with both customers and our employees." Growth (and profit maximization) is therefore not there first priority of Firm C.

7.3.2.2 Structural dimension

Information channel

Family C always discusses the business and especially decisions with big (positive or negative) consequences for the business, with each other. The current CEO says that there are many family firms and children who are in the position of having taken over the family business and he believes that "almost all say that there is quite much… say, disputes and discussions. That you have different opinions when you come in as a new generation. That's quite natural." Therefore the interviewees of Firm C finds it important to have discussion to find agreement. Since the current CEO has a university background within business, it is him who "drives these questions, or bigger decisions about investments or some specific customer situation which might affect the business in a bigger way, both positive and negative. This discussion I always take with my parents." Furthermore, one interviewee adds: "And my daughter lives in the UK so she is not really daily involved, but she gets information, so she knows what is going on [in the business]."

Firm C also has open discussions to externals such as the bank: "We have a very good relationship with our bank and they are also involved... we tell them what we are doing and we discuss with them."

Reputation

"[Location of Firm C] is a small community. About five, six thousand citizens I think. [...] you meet everyone in the shops and when you are out walking or something. So you do really know them well, so I think that is different from a city." In addition, the interviewees confirm that the family stands for the business: "Yes, you could say that. Exactly. It is very personal in a way." Since people in the community know the family and the business, you could say that the family has a reputation. This reputation helps Firm C in different aspect for example with the banks: The banks know the family has a long-term commitment to the firm and they "are forced to make it [the firm] work". Naturally this helps to build up trust with the banks and to receive loans from them.

International Contacts

Firm C's export makes up around 15% of the turnover. One part of export goes to local Swedish customers who are international, and Firm C then ships the products to the customers' site in different parts of the world. The other part of export go to international customers that are non-Swedish firms. Firm C gets international customers through existing customers and mouth-to-mouth marketing. Also, the interviewee points out that in some cases: "someone worked somewhere and he thought we [Firm C] were good, and then this person worked somewhere else and then he/she brought this contact [to us] with him."

However, private contacts/networks of the family are not really used for the business' benefit. One family member of Family C lives in the UK. However, this "international connection" has never been used for the business to build up contacts and/or find new customers: "No, we have been very bad at that!" as one interviewee replies.

Negative effect: slow to adapt to changes

The high and very long-term involvement of the family in Firm C also makes it somewhat slow to change, since people like to keep things the way they are and the way they used to work fine. At some points the CEO suggests a few things that the firm was probably not so professional with in the past, his biggest points being about marketing and sales: "Historically we have been very bad at marketing ourselves." The interviewee describes the reason for the lack of professional marketing of Firm C: "[…] but that also depends on the market and the way of how to work today. That is quite different compared to a couple of years ago." According to him, today marketing is important. However, the previous CEO "probably thinks it was better before".

This is just an example of possible clashes between different opinions of family members. The very long-term involvement of some family members might make the business slow to adapt to changes. Possible nepotism adds to this, and might also make the firm slower at recognizing possible changes that need to be made. However, the interviewee recognizes that as well: “It is easy to get stuck to habits. You need new perspectives all the time, so that you can move forward all the time.” Considering this, too high and long-term involvement of family members can also have negative consequences. The CEO describes possible difficulties with that as “they [parents] have their experience, and I try to learn from that when it fits. And in some situations I try not to be influenced by that if it does not fit. So, it is a lot about balance.” The son recognizes such possible difficulties and aims at solving it by finding the golden balance.

7.3.2.3 Relational dimension

“We try to have a good relationship [with our customers], we think that is very important that you also have personal relationships sort of, because it makes things a lot easier when you have a long-time relationship with that customer, that is very important for us. Because when you know each other and you can trust one another… I think we think that is the best thing to do really!” “Our customers should be able to rely on us and that we are honest to them. I think that’s very important. I must say. You must trust one another otherwise it is hard to do business I think.” Firm C has good, trusting relations with their customers and considers trust as very important for doing business.

7.3.3 Family financial capital

Firm C is in a good and healthy financial situation. The CEO describes the financial situation: “For many years we earned money and invested that into the business and did not take so many loans […] I experience that our [financial] situation is better than many others'. We have […] also good contacts and discussions with our banks. So, if we are talking about difficulties with financing stuff. I don’t really experience that, no.” The other interviewee’s opinion on financial capital in the case of Firm C is basically the same, she also points to good relation with the bank, good discussions and confirms that: “No, I cannot say we have any problems with that [financial capital].”

If bigger amounts of capital are needed for larger investments Firm C takes loans from the bank, for which naturally good relations to the banks are very helpful. For example, when the subsidiary was bought, Firm C did not finance this acquisition on themselves, but they had to take a bank loan. However, since growth is not prioritized for the family firm, the investments needed are not extremely high either. The family firm does therefore not experience any difficulties or constraints regarding financial capital, although they do not work (and do not want to work) with external investors. In addition, private financial capital of the family is not used or needed by the firm; borrowing money from relatives instead of the bank is not a common practice in Sweden according to the interviewees.

Firm C does not own any subsidiaries in foreign countries and does not undertake any foreign direct investment activities, which would put a drain on the financial capital.

7.4 Family firm D

7.4.1 Family human capital

7.4.1.1 Knowledge

Both interviewees have been working the firm since the mid-1980s. In addition, they have had summer jobs in the business when they were younger. One interviewee describes how he learned about Firm D: "I learned about the different departments and I was present at customer meetings and so, you grow into the business." Both interviewees have deep knowledge about the firms, the different apartments and also the tacit knowledge (how to behave, culture and such).

Firm D has been exporting for several decades and the domestic market has been decreasing. As one of the interviewees described it: "In the end of 1970s 80s and 90s the export increased. Today like 6% or 7% that are sold within Sweden. So, we have had export for a very long time". The main reason for that is that the whole industry has changed over time and became more international. The Swedish market has shrunk and today it is very small, so that is why Firm D had to supply to international customers. One interviewee explains it in his words how the number of Swedish customers has been decreasing: "So it has been since 1980s: we have like 2, or 3 or 4 customers in Sweden. And they were maybe twice as many like 10 years ago. We know them very well. But we chase the market and new customers internationally." Today Firm D is the "Only producer of the product in entire Scandinavia."

When the interviewees started working for Firm D, there already was this international trend in the market but also in the company. In other words, already from the beginning of their professional involvement in the firm, they got used to the international focus of the firm. It is not something that they themselves had to discover as necessary for the firms survival. This probably made it much more natural to continue down the international road. Today, there are two international salesmen, who travel, visit customers etc. and who are not involved in other tasks as well. Such a professional set-up (with a distinct sales department) is also (at least partly) a consequence of the early internationalisation of the firm.

7.4.1.2 Commitment

Both of the interviewees have a personal relation to the business and are very committed to it. As one interviewee puts it: "yes, I have to say that even if it had not been a family business, I have been here so for so long and know all the machines and almost all employees...." Surely, the length of involvement in the business plays an important role, but also the fact that it is a family firm.

"We do have quite a family atmosphere here... I think most of the employees feel that they work in a family business. There maybe is an engagement from us owners and those in the leading position, which I do not think that is so common in publicly listed companies, for example. I do not think it is so common that really anybody can come here and talk to the CEO and Vice, and that we spend quite much time out in the business [where the production etc. takes place], so most workers know at least who we are." Also when during the interview with the CEO, you can feel his engagement; for example in the way he talks about the difficulties in having many different owners and how he finds it very important to take into account all views. "We [owners] talk a lot. Now you should not praise yourself… but I think that it is a success factor and I say that many times when I sit with my management team and try to explain how I think the owners think. Then maybe I am not always 100% right but for me it is important to try to know how all owners think, because that is what is important, that you can keep the business together. And to think in a way so that everybody can be part of. And I think all this is good"

7.4.1.3 Nepotism

Since "the owners agree that the CEO should be an owner as well", the chances that a non-family member becomes CEO are low. The reason for that is that: "We [the family/owners] believe that a CEO who also is owner, takes account of the owners' opinions and goals in a better way. An external would act in a way that might not be good for us owners." However, according to the interviewee, if there is no suitable family member for that position, the family would hire an external (over a non-suitable candidate). Which seems plausible considering that two generations ago Firm D did have an external manager, before the father of the current CEO took over that position. The family seems to see the advantages of an internal CEO, as well as advantages of an external CEO, in the case of family members who lack the necessary skills.

7.4.2 Family social capital

7.4.2.1 Cognitive dimension

Long-term orientation

Due to Firm D's private ownership, there is a very long-term perspective. The interviewee confirms that: "Definitely. I mean we have owned this business since the 1930s. And we have the intention to continue owning, and developing it." The long-term perspective also shows in how Firm D tries to retain its working force even in difficult times. As one interviewee says: "During recessions many businesses let go many people, but we do that very seldom here. We try to keep the workforce, since we know now is a difficult time but then it will turn again, then it is good to still have those. […] I think that most of the employees feel safer here than they would do in another bigger business." As this quote shows, the long-term perspective also affects the employees; perhaps it also fosters commitment and goodwill in them.

7.4.2.2 Structural dimension

Information Channel

The information flow within the company seems very efficient. Not only that, as mentioned before, any employee can simply go to the offices of the top-level managers and talk to them.

But also among the management team there is regular and open exchange of information. One interviewee described for example, how they meet regularly: "We meet daily, because we have... I usually call it lunch meeting, at a quarter to 12, when all the in a leading position meet for 15 min and chat about what is important for the day. And if there is something that should be discussed in more detail, we set up a meeting." Furthermore, the interviewees find it important to find agreement on difficult issues: "I would not say that we have had any conflicts. Of course we can have different views, but usually we can always discuss it out to find a shared way."

In addition, one interviewee explained another reason why customers seem to be very content with Firm D: "it [the process the customer has to go through when making an order or having a problem with a product of Firm C] has to be smoothly. And then if you call us you get fast answers and even if you have technical problems you get a quick answers. We have investigated that… that the customers feel like that. […] in Firm D it is enough if a customer has contacts with one person here and he gets answers to all his questions because we are only 60, 70 employees." The flat hierarchy and/or "family atmosphere" in firm D, as one interviewee called it, helps the employees to have an understanding of the different parts of the company and how it works. Therefore, they are able and they also feel the responsibility to give the customers satisfying answers to his questions.

The Vice attends regularly, a few times every year, a union/conference meeting with competitors from the entire European Union. At that meeting accidents (if there were any) and issues with the product and its production in mostly in terms of safety are discussed. Also from there, Firm D can gain valuable information.

Network

The family networks (or private networks of family members) do not play a role in creating contacts and finding new customers. One interviewee comments on a question about that: "Maybe that happened sometime. But generally not, no, I cannot say that. But, our industry is so specific, niche, we are so international and so specialized, so that… No, I cannot say that." Instead, Firm D finds new customers through, agents, distributors, attending trade fairs/exhibitions in different parts of the world.

7.4.2.3 Relational Dimension

Firm D has very strong customer relations which are very important in order to compete with other companies. "I would say strong relations to customers. We do not have especially many customers, but we have had them for many years, most of them." This is also due to the long-existence of Firm D and its continuity. For years customers have learned that they can rely on Firm D.

"It is about getting respect and so… that the passive owner trust you. From 2000 onwards we did quite big investments. And we had both, booms and recessions since then and some were a bit worried sometimes. But now, beginning of last year we have no long-term debt for those big investments." Of course also new family CEOs need to gain the respect of all the owners first, but in Firm D the current CEO was successful and enjoys the trust of the owners. The trust among the family members is important as it helps the create agreement about what the firm should do.

7.4.3 Family financial capital

The financial situation of Firm D is healthy. Today, Firm D is actually debt-free (long-term debt) although, generally, of course they work with loans in order to finance projects that cannot be financed by retained earnings. Sometimes, Firm D makes use of private capital that means the owners do not take out the entire amount of their dividend payments but leave it in the business instead: "All [owners] decided to save a little every year, over several years. And then all can receive a better interest than from the bank." However, if the business needs money beyond that, it works with banks. The interviewee confirms that: "Because the business is so big, if it needs money it cannot go to the owners. Then you have to go to the bank."

"Today we are debt free... and we earn good money so it's enough for dividends and... and that we also agree on we are content to grow slowly and organic, we do not want to borrow a lot of money from the banks." Firm D aims at growing slowly and steadily. Logically, aiming for slow growth does not put a great drain on financial capital.

8 Analysis

8.1 Family Human capital and Internationalisation

8.1.1 Knowledge

Family members have a deeper understanding of firm-specific tacit knowledge (Sirmon and Hitt 2003). The family members' tacit-knowledge about the firm has positive effects on internationalisation. As we have seen in the company A, C and D, family members have been participating in their family firm for a long time and they got a very deep knowledge and understanding of the businesses while taking participating directly. Also, Firm B has been established by the current CEO and built from scratch, so he knows the company very well.

Although the literature does not suggest any specific advantages of family human capital in internationalisation, literature does explain why family human capital can give the firm a distinctive resources and advantages: because the new generation can learn from the previous generation about the business and develop a deep knowledge, this enables family members to perform better than non-family members in many cases, as was found by (Herrero, 2011). In the case of Firm D, when the current generation began being involved in the business professionally, they already had the understanding that if the firm wanted to grow they would have to do so internationally due to the size of the home industry and high international demand. The deep knowledge of the new generation enabled them to do it more effectively.

In the Firm C, the new generation did not inherit such a clear international focus. Instead Firm C has strong local commitment and does not prioritize internationalisation. Therefore, also the deep knowledge of the CEO about the firm, does not affect internationalisation positively. It can therefore be said, that the new generation of the family does not only inherit deep knowledge about the firm, but also the perspective/focus. Depending on what this perspective/focus looks like, internationalisation is positively or negatively affected. In other words, family human capital and the "inheritance" of knowledge, also contributed to family firms being stable and not fast-changing, as is suggested by Gallo and Sveen (1991).

Also, learning from past leads to better decision making in the future, whilst external managers without that involvement would not represent the company well. When business internationalised, this past knowledge was helpful for the company A, where changing situation led into changes in the company and sacrifices were done, but the performance only increased in the long-run.

8.1.2 Commitment

From the family human capital perspective, literature suggests that family members have extraordinary commitment to the company and (Donnelley, 1964; Horton, 1986). From the empirical data, it is clear that family members were involved in the business much more, because all of the interviewees saw business as a duty and were personally accountable and emotionally tied to it. Light and Gold (2008), Rosenblatt et al. (1985) talk on how family members sacrifice their work to make the internationalisation possible. For example, increasing demand for goods due to internationalisation requires more dedication and higher workload in companies A and B. Interviewee in company C said that it is family company and everything needs to be done to make it work, meaning that increasing demand for work when internationalising, will be acceptable at any costs. It is also important to mention that increasing workload was imposed over all levels of the business, because it is a small business unit. Here, high demand for multiple skills arises, as findings from company B suggest. It is very common in the internationalisation process, as mentioned by company A and C as well. In Firm A, the son of the CEO expresses commitment and dedication through motivating other people to work better. Also, he suggests ideas of how to make the production more efficient meaning that he is not simply trying to earn a living but, but also wants to improve the firm, as the examples show. In all investigated firms family members have strong commitment to the business. It is particularly seen in small family Firm B, as the number of employees is limited, but the demand for workload is high, leading to long working hours and high workload.

8.1.3 Restraining factors

There are also negative influences of family human capital. All of our companies investigated were exporting. Some were exporting for several decades (Company A, C and D), without much consideration about establishing subsidiaries in foreign market. One reason to explain this is that knowledge about internationalisation is insufficient when it comes to other markets. Empirical findings confirm the literature that the lack of knowledge of foreign markets is one of the main difficulties (Forsgren, 2002; Erikson et al. 1997), as company B experienced backlashes in internationalisation, because of lack of knowledge. Sirmon and Hitt, (2003) suggests that lack of competent managers also hinder internationalisation of family firms, as suggested by company B. As we find in the four cases, they lack professional managers for internationalisation, because the family firms with limited promotions, professionalism and wealth transfer is less attractive to talents.

8.2 Family Social Capital and Internationalisation

8.2.1 Cognitive dimension

Long-term orientation

In the cases studied all of the family firms had a long-term focus, which is in line with the suggestions of Gallo and Sveen (1991). As stated in the Frame of Reference, long-term orientation is helpful for internationalisation since the international business environment can be rapidly changing, and internationalisation is a long-term strategy. Also in the cases studied a positive effect of the long-term commitment of the firm is evident. In the case of Firm B, first attempts of actively increasing exports, were not successful, nevertheless, Firm B developed strategy for entering the foreign markets, and prepared well before doing it again, years later. Also, Firm D has a long-term perspective, even during financially difficult times like recessions, Firm D is aware that this is only temporary. Therefore it tries to minimize the number of employees who have to be let go, so that production can be increased quickly again as soon as the economy starts picking up. Furthermore keeping the workforce constant and only increasing it steadily as the company grows, gives employees a feeling of security which may increase commitment of employees, internal trust, and exchange of information, as is the case in Firm D. Firm A has a long-term perspective as well: being aware that switching to cheaper suppliers which would increase short-term profits, the quality of Firm A's products might suffer; and therefore, also the long-term profits and internationalisation, Firm A does not consider this option. These cases are good examples of how the long-term perspectives of family's benefits the family firm and its internationalisation process.

Family values

All of the cases studied have strong values. Although only Firm B has a concept of "marketing" their values: RÄTT (Right), where each letter stands for a value: Respons (response), Ärlig (honest), Tolerans (tolerance), Tillit (trust/confidence). It becomes apparent that all firms studied in fact do have strong values, only they are not as explicit. Most of the families' values have indirect positive effects on internationalisation. Firms A, B, C highly value honesty, openness, trust, quality and good relationships. These strong values make the base of how the family firms interact with customers and other organizations.

This contributes to the fact that the firms studied have close, long-lasting relationships, since good relationships are built on trust, honesty etc. (Hoffman et al. 2006); “trust is an important lubricant of a social system. It is efficient” (Arrow 1974, p.23). As is further elaborated below in the section of "Network", close and long-lasting relations to customers and other organizations can be very helpful in terms of internationalisation. In all cases studied for this research, the firms strongly benefit from mouth-to-mouth marketing. Naturally mouth-to-mouth marketing only occurs if there is a certain bond of trust and satisfaction between the two sides: the firm and the customer; otherwise the customer would not recommend the firm to other companies. Furthermore, family values as honesty and openness, can help to foster understanding and commitment of the employees to the business. Trust can be build up and information exchange can be more efficient. This gives family firms an advantage that can also be used in international markets.

One strong value of the family firms studied that has a negative effect on internationalisation was the local commitment; they wish to contribute to the local community. Firm B for example states that they do not want to move production abroad, because they know how Swedish workers are treated, and they can support it (morally), meaning that profits are not first priority for the business. Since the family often has roots in the local community, as Firm A and C, it is logical that the family firm does not simply view the community as a means to achieve the goal of profit, but instead as a part of the goal itself. Especially Firm C emphasis that profit and expansion is not the priority, but making the business efficient and contributing to society is considered more important. That is part of the reason for Firm A and C choosing to keep all the production within Sweden. Furthermore, the firms do not consider marketing themselves internationally as that important. Naturally, a strong local focus decreases the amount of focus given to internationalisation. Therefore, less resources are distributed to achieving internationalisation and it is not prioritized in the strategy of the firm. This of course hampers the international development.

Furthermore, Firm C and D aim to grow slowly and organically, therefore also internationalisation can occur according slowly and steadily. The effect of the aim to grow slowly and the local commitment on internationalisation is direct, other values have a more indirect impact on internationalisation.

Restraining factors

In Firm A and C there is some commitment to current strategies and the external input is limited. This decreases a firm's ability to react to market changes and to adapt to the international environment (Gallo and Sveen 1991). Both firms, A and C find that they should improve at marketing themselves internationally. Especially Firm C says that marketing was not necessary in the past, however, they are slow in developing a professional marketing function.

8.2.2 Structural dimension

Information channels

Hoffman et al (2006) suggest that trusted relationships provide the family firm with effective channels of information. In addition, effective information channels can give access to broader sources of information" and improved quality, relevance and timeliness (Adler & Kwon, 2002), which also beneficial in expanding internationally. Especially in Firms B, C, and D the information flow is efficient. In Firm B, the owners have "intense and lively" discussions with each other about the business, to hear different views. Lively discussions cannot only help to get the right information, but also prevent making a wrong decision. Firm B for example had gotten an order about producing a product which is actually a bit outside of Firm B's business, after long discussions and exchange of information among the family members and all employees, the CEO could be convinced not to take that order, as it might not benefit the firm. In the case of Firm D, the flat hierarchy and "family atmosphere" results in interacting freely with each other - the managers are often seen out in the production units and every employee can approach and talk to them. The leading managers meet every day to briefly discuss important points, especially the marketing and development managers have a lot of information about the customers' problems and wishes, so a good information flow is helpful and vital to fulfil them. The efficient flow of information helps all employees to develop good knowledge about Firm D. As the interviewee explained, that is something that Firm D's customers highly appreciate: one employee can give the customer all the information he needs. Therefore it can be said, that the information exchange in family firms is efficient and that it is a positive factor for internationalisation.

In firm B, C, D the family wants and also creates and discussions and an effective flow of information. Furthermore, it is important to the families to find agreement and make decisions that are fine with everybody; taking decisions that are not supported by everybody would only be the last resort. Such a culture of discussing decisions, helps the firm to include many considerations before making a decision and it helps preventing making the wrong decisions. This becomes especially important in the light of the unknown international environment, where the lack of knowledge is a main difficulty to overcome (Forsgren, 2002; Erikson et al., 1997).

External efficient information flow can also help internationalisation. In the case of Firm C, the bank suggested Firm C to acquire a company that had financial problems and would complement Firm C's product range. Because of open communication and long relation between Firm C and the banks, the bank knew that this opportunity would be interesting for Firm C. As the market moves toward offering "more complete solutions" to customers, according to Firm C interviewee, this acquisition was necessary to be able to compete on the domestic and international market.

Gallo and Sveen (1991) suggest that family members who live abroad can help acquire knowledge about the foreign market. However, Firm C has a family member abroad, this connection to a foreign country was never used for the firm to find customers, distributors or agents. Also, in the other firms studied there were no occasions at which family connections were used to acquire knowledge about foreign markets.

Channel of dispute resolution

As Nelson (1989) suggests trusted relationships between the firm and international customers provide a channel of dispute resolutions and avoid the accumulation of grievances. Firm A has encountered problems with a customer in the United States who finds or makes up reasons for why they do not have to pay. In most cases the problem can be solved, before legal actions have to be taken. However, Firm A has another customer who has a good relation to both, Firm A and the troublesome customer, and who wants cooperation to continue. Therefore, the good relations of Firm to a "mutual friend" can help to resolve conflicts and make business with each other continue.

Bridging contacts

Literature suggests that family connections can help in finding international contacts for the business (Gallo & Sveen, 1991). Firm A and B had several cases where they benefited from such private contacts. When Firm A, bought the production site of a neighbouring company in order to increase its own production for future demand by a German customer, it was his personal contact with the owners of that production site. Although this was a local connection, it enabled Firm A to internationalise. In the case of Firm B, the CEO has some personal contact in Dubai, through which Firm B exports. However, generally the firms do not go the "family way through family connections" to find customers but instead go the "normal" way, that is, via distributors, agents, trade exhibitions. Also, Firm A, B and C get new international customers through existing customers and mouth-to-mouth marketing. In these cases it can help that the CEO sometimes knows the customers also on a personal level to some extent as for Firm A.

As mentioned above, the family member of firm C who lives in the UK, was neither used for acquiring any information about the foreign market, not finding customers. In the case of Firm A, B and D there seems to be no international "family connection" either. That is the role of family members living having contacts in different countries, is limited. Although literature suggests great possibilities here for internationalisation of family firms (Gallo & Sveen, 1991).

A good reputation of closed networks such as a family can have advantages when interacting with actors outside of the network such as efficiencies when obtaining capital (Hoffman et. al. 2006). In the case of Firm C, it can be said that the family stands for the business and people in the local community know about the family's commitment and long-term orientation in regards to the business. Therefore it is easy for the banks to trust Firm C and to build a good relation to them. Good relations to the banks are very beneficial for firms, not only can they provide loans, but also provide the firm with opportunities to buy other firms who are experiencing financial difficulties, as was the case in Firm C.

8.2.3 Relational dimension

External trust

All the firms studied have good, trusting long-term relationships to their customers and employees. Smyrnios, Poutziouris & Goel (2013) describe trust as the belief that an individual or an organization act according to their obligation and do not engage in questionable opportunistic behaviour. The CEO of Firm A describes that they keep promises and fulfil their responsibilities, and therefore its customers and banks trust the firm. Consequentially, the family firm gets some international customers from existing customers and financial support from banks. Additionally, one interviewee of Firm B describes exactly this case, saying that they charge all customers the same price even though there were "opportunities" for price discrimination. Moreover, Firm C considers trust a very important business factor and has a good and trusted relationships with customers, including international customers. This kind of trust from existing customers make the firm good reputations and therefore they get some international customers.

Internal Trust

In Firm D, considering the high number of owners it is surprisingly that there are no disputes that drives them apart. But the fact that they are all family, as well as a culture of discussing and trusting helps them to find agreement and manage the business effectively. Furthermore, the trust of the owners in the CEO helps to lower monitoring costs (Wilson, Wright & Scholes, 2013) and resources can be used to focus on internationalisation and the future of the business instead.

Family B used family connections in a couple of cases to help the Firm, such as a family member using his own firm to produce for Firm B or family members helping to set up Firm B's production. In these cases Firm B could save resources by working with family members: since everybody was paid, Firm B did not save on money but saved searching costs, time, monitoring costs and such. Since it was family there was trust which made things easier. This internal trust of the firms, benefits them and gives them with an advantage that other firms might not have. Therefore, it affects internationalisation in an indirect way. Naturally a firm, with internal advantages such as trust will be better at expanding domestically as well as internationally.

8.3 Financial Capital and Internationalisation

The gradual internationalisation process usually starts with export, as it entails the least risk and minimal resource commitment. This is especially important for family firms since family firms often want to retain the control over the business and can therefore not make use of external investors, as a result they often have limited financial capital (Fernandez & Nieto, 2005). All of the family firms studied do export, only Firm B owns a subsidiary. However, Firm B finds that owning a subsidiary takes too much resources in terms of time and money, and is risky; therefore, they want to shut it down and only export through international distributors and agents.

All Firms studied in the research are in a healthy financial situation and do not consider limited capital as a problem. Although, availability of capital becomes especially important when investing/expanding. However, the firms studied do not prioritize expansion and therefore also high sums of capital for investments are not needed so often. In Firm C the strong local commitment and a rather weak focus on international expansion, is part of the reason why limited financial capital is not experienced as problem. Since Firm A, which bought the neighbour's production site to prepare for increased demand from international customers, does not consider limited capital as a factor as it is has self-sustainable financing.

As for the financing, Firm B was initially started through the investment of the owners' capital. 50 per cent of shares were bought in the beginning and the rest 50 per cent after the partner went bankrupt. After that, much of the investment was coming from the personal accounts of the owners. In Firm D owners have decided to invest part of their dividend payments into the firm instead of taking out the whole payment. This is a private source of capital. If however, the firm would need additional capital so that the owners would have to pay on top of their dividends, it would not be possible, according the owners. However, in Firm A and C no private capital is used to finance investments or projects. All firms in our research work intensively with bank loans. As Winter et al., (1993) family members may help the firm working without pay or withdrawing less income from the firm. The latter is the case in Firm D. Besides that, however, we could not find advantages of family capital to internationalisation.

9 Conclusion

After the analysis, we have found that due to the involvement of the family members, family capital in family firms has an influence on internationalisation. We will conclude the influence of the three components of family capital on internationalisation in greater detail below.

9.1 Family human Capital and internationalisation

In family firms there is high commitment of the employees and especially the family members, however, even though that is beneficial for the firm, it does not directly affect internationalisation. Furthermore, our results confirm that family members develop a deep knowledge and also tacit-knowledge about the firm from their parents and from their long-time involvement in the firm. These knowledge, combined with commitment, positively affect internationalisation of family firms. However, it also makes the family firm prone to pursue the current strategies, since due to the long-term involvement of family members, fewer external perspective are brought into the firm. If the firm had an international perspective before the new generation takes over, this focus is inherited. However, if that international focus is not the case, the new generation is unlikely to be able to establish it or even find it important.

9.2 Family social Capital and internationalisation

9.2.1 Cognitive dimension

The norms and values of the family can have positive as well as negative influences on internationalisation of the family firm. Our results confirm that family firms have long-term perspectives. The long-term perspective/commitment of family members enables them to develop strategies and be persistent in order to internationalise. Family firms have strong values which naturally also impact the family firm. Values of the family such as honesty, openness help the family firm to effectively exchange information and to establish good relations to customers. A disadvantage of family firms in terms of internationalisation is that the family of the family firm usually has its roots in the local society and it has a strong local commitment. That means the focus on internalisation is low.

9.2.2 Structural dimension

Family members seem rather unwilling to mix business and family/private relations for fear the relation might suffer, therefore also family members who live abroad are not used to increase international operations of the family firm. In fact, Family firms find many international customers through existing customer relations, however, family firms are not so active in establishing new international contacts.

9.2.3 Relational dimension

Partly as a result of values such as honesty, family firms effectively establish trust within the company and to customers. Internal trust may foster employee commitment, improve efficient and the exchange of information. External trust can give rise to opportunities of sharing information or providing contacts which can be used to increase international operations.

9.3 Financial Capital and internationalisation

Family firms generally do not use private family capital to support the business or internationalisation. Part of the dividend payments may be retained in the firm, however, family members actually paying money into the firm only happens during start-up. Although family firms do not want outside capital, their limited capital does not hinder capitalization. Family firms typically choose to export, partly because they might not have sufficient funds for direct forms of investment. Partly also because fast expansion is not desired by the family firms. For organic expansions, family firms' capital is not a constraint.

10 Discussion

10.1 Practical Implication

In three of the cases studied the owner managers did not have a formal management education. Instead, they grew into the CEO position because they were the founders of the business. Of course you can develop great managerial skills by practicing. However, absolving formal education may provide more theoretical knowledge, ideas and perspectives. Since many family firms may lack professional managers, it could be beneficial for them to go to business school or participate in seminars or courses. Moreover, family firms may seek for such assistances and ask for advice from family members who are in high managerial positions.

In addition to asking family members for advice, family firms may benefit from financial supports and network introductions through private contacts

10.2 Limitations

This research investigated family capital and its three components. Including all three gives a more holistic perspective. Although, by focusing only on a single components that is human, social or financial capital, deeper understanding could be developed. This is a limitation of this research.

Due to time constraints for this research, we only investigated the family's influence on the internationalisation of the firm, but the reverse interrelation, the influence of internationalisation on family capital could not be investigated. Since owning subsidies requires professional managerial skills, families might develop their skills and knowledge about professional managing so that they do not solely have to rely on external managers. Furthermore, increasing internationalisation of the firm might give the family a less local and more global perspective, which in turn might not only affect private life, but also the decisions that are made in the firm. These were just examples of how internationalisation of the family firm might affect the family. To be able to fully understand family firms, not only the influence of the family on the firm, but also the firm's influence on the family should be taken into account.

Another limitation of this research is that more time consuming data collection methods such as shadowing could not be adopted. The advantage of shadowing compared to interviews is that it can provide greater insight into norms, values and intangibles that are difficult to ask about in interviews.

10.3 Future research

Three of the cases studied show that the family does not want to mix up business and private relationships, as the private relationships might suffer from that. However, Burt (1987) suggested that family firms do make use of family members' relationships to bridge new external relationships and that is one of the advantages of family firms over non-family firms. One explanation for this controversial phenomenon could not be confirmed by this study. One explanation could be that there are cultural differences between countries and family firms and families behave differently according to their cultural. Future research should therefore take into consideration the culture dimension of nations: for example making comparisons between Swedish family firms and Chinese families to investigate the different influence of the two countries' family members on the internationalisation of family firms.

Furthermore, in this study only resources from the involvement of family members are discussed. Another point for future research is to investigate the increasing managerial capability due to family involvement when family firms go international. Also, qualitative and quantitative research method could be simultaneously use, because the performance of the family firm internationalisation should be investigated by quantitative method.

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12 Appendix

12.1 Interview questions

1. Can you tell me about the internationalisation of your firm? *When and how did it start? Who managed the process? Why was this person chosen?*
2. How did you get in touch with your international customers?
3. How would you describe the relationships with your international customers? *benefits? difficulties?*
4. *(If Subsidizing, how did you set up the subsidies in the country?)*
5. How would you describe the role of relations *(relations of family members, employees, and the firm)* when aiming for internationalisation? *for establishing new contacts? (growth)? Do any of your family members live abroad?*
6. Were any family members reluctant to go international? *Different views? How did you handle that?*
7. Is there a lot of agreement within the company or do the views differ? *How are differing views handled? Would you say that too much agreement could have disadvantages as well?*
8. How are decisions made and who has the strongest influence on decision making?
9. How would you describe the relations among employees including family members? *atmosphere/norms & shared values? Benefits? Conflicts?*
10. Would you say that employees can give their input? *How would you describe the role of the relations among employees play when talking about innovation?*
11. What personal values do you have?
12. Are there any differences between your personal or family values and organizational values?
13. What values are you looking for in new employees?
14. How are the career possibilities of family members and non family members? *Does everybody have the same? Reward system? Teambuilding?*
15. Would you consider firing someone if he believes he does not make a good effort and is not so beneficial for the company *(what if he were a family member)? Have you ever fired someone? Why?*
16. If some of your employees would get a job offer from another company with higher salary, do you think they would accept? *What about yourself?*
17. How would you describe the relationships between family members? *family activities? Benefits? Conflicts?*
18. Would you say that your have a long-term perspective for the firm?
19. How important is it for a business to have good relationships with other organizations such as suppliers, customers, partners?