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RESEARCH ARTICLE

Family firms' equity entry modes: Bridging family business and international business

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Abstract
In the global economy, the international strategies of family firms, influenced by family ownership and management, remain underexplored. Bridging the family business and international business fields, we use the socioemotional wealth lens to examine 1,236 international expansions from 2007 to 2013. Categorizing firms into pure family, nearly pure family, borderline family, and non-family typologies, we assess the influence of internal (experience, knowledge) and external (country risk) factors on their entry modes. Results indicate that higher family involvement in ownership/management increases the preference for greenfield investments over acquisitions or equity alliances, a relationship further moderated by international experience and country risk. This study provides nuanced insights into the international behaviors of family firms.

Keywords: international business; family firm; entry mode choices; ownership; socioemotional wealth

Introduction

Although family firms (hereafter FFs) permeate the global economy, scholars from international business (IB) have been slow to hold FF internationalization as a research field (Arregle et al., 2021; Galvagno & Pisano, 2021). According to a recent literature review by Arregle et al. (2021), it is quite important to build a strong bridge between the family business and the IB fields to advance our understanding of FFs' international strategies and behaviors. So far, IB scholars focus on mainstream topics and assume the influence of the controlling family on the firm is homogeneous (Pukall & Calabro, 2014). On the other side, family business scholars neglect to explore questions motivated by IB theory. The result is that scholars fight to access research on how family ownership and management shape internationalization (Arregle et al., 2021, p. 1). One core aspect that seems to be especially underexplored is FFs' entry modes (e.g., Pongelli, Calabrò, Quarato, Minichilli, & Corbetta, 2021). Equity entry modes may range from the establishment of a greenfield investment (GI) to the acquisition of the equity of a previously independent firm or to the creation of an equity form of alliance that is a partnership or minority stake (e.g., Sestu & Majocchi, 2020). We contend this to be a core aspect of FFs internationalization that offers a synthesis of approaches between family business and IB research adding to Debellis, Rondi, Plakoyiannaki, and De Massis (2021) that frame how FF internationalization presents fruitful opportunities to challenge, extend, and enrich the theories in the IB field.

We further enhance the work of Casprini, Dabic, Kotlar, and Pucci (2020). Our rationale is inspired by their observation that current research highlights the significant influence of family involvement in both firm ownership and management on various aspects of internationalization strategy. Building on this foundation, our objective is to enrich the literature on FFs' international entry strategies by deciphering the motivations and values guiding family owners in their equity entry mode decisions. Moreover, their findings suggest that FFs tend to choose psychically close countries and proceed in stages, initially favoring indirect entry modes. This specific insight into the entry mode preferences of FFs highlights their inclination toward psychically closer countries and a staged approach in internationalization.

FFs have different features (e.g., ownership concentration, family directors, family successors) that may predict and make their internationalization unique (Arregle, Duran, Hitt, & Van Essen, 2017). Moreover, their strategic choices weigh potential outcomes in two distinct dimensions: financial wealth and socioemotional wealth (SEW; Debellis et al., 2021). We add to those early contributions, proposing the answer for the following research questions: (1) how do the distinct features of FFs, such as ownership concentration, presence of family directors, family succession planning, and the inclusion of external managers, influence the variations in their choices of equity entry modes? Furthermore, considering the unique features of FFs and (2) how do both internal factors (such as the firm's experience and knowledge) and external factors (like the risk of the destination country) influence the choice of equity entry modes?

We propose possible answers by providing a taxonomy in terms of entry mode choices based on unique FFs' features. We identify four types of businesses that range from pure FFs (PFF) to non-FFs (NFF) and have varying preferences in terms of international market entry modes (PFF, nearly-pure-FFs (NPFF), borderline-FFs (BFF), and NFF. We consider all the equity-based operations and adopt a three-way classification of the entries by distinguishing GI from acquisition and non-controlling (minority) ownership. Specifically, we enhance the literature on FFs' international entry modes by forging a theoretical bridge. We juxtapose distinct FFs' characteristics through the lens of SEW with traditional IB rationales for equity entry mode choices, such as firm experience, knowledge, and destination country risk. The primary assumption is that existing endowments shape preferences. In their seminal work, Gomez-Mejia, Haynes, Nunez-Nickel, Jacobson, and Moyano-Fuentes (2007) have marked the noneconomic utility family members derive from their businesses as SEW or affective endowments (Miller & Le Breton–Miller, 2014). Indeed, family members are appreciated for managing their businesses not to only maximize financial returns but also to preserve or increase the socioemotional endowments they obtain from the business (Gomez-Mejia, Cruz, Berrone, & De Castro, 2011). In the realm of FFs' internationalization, families often choose equity entry modes to safeguard their endowments. Furthermore, we underscore the significance of integrating reference points in SEW analysis, as highlighted by Gomez-Mejia et al. (2014). Echoing Kraus, Mensching, Calabrò, Cheng, and Filser (2016), our findings indicate that the internationalization context sheds light on the evolving reference points of FF owners and the trade-offs in SEW.

Conceptual framework and hypotheses development

Framing equity entry modes in family business and IB

Equity entry modes encompass a spectrum of strategies, from GIs to equity acquisitions (AQ) of formerly independent firms, or the formation of equity alliances (EA) such as partnerships or minority stakes (Dagnino, Giachetti, La Rocca, & Picone, 2019; Sestu & Majocchi, 2020). Among these, EA are viewed as the least enduring due to potential conflicts between partners (Klier, Schwens, Zapkau, & Dikova, 2017). Likewise, AQ carry inherent risks due to potential disparities that may emerge during post-acquisition integration (e.g., Kroon & Reif, 2023; Lee, Ki-Hyun, Hughes, & Shine, 2023; Teerikangas, Very, & Pisano, 2011). Compared to EA and a GI, AQ bear internal conformity costs, and the organizational culture and system of the acquirer may not be appropriate for the foreign firm, thus making the transfer and integration difficult (Dikova & Brouthers, 2016; Klier et al., 2017), that may explode in the case of FFs. A GI is an internal growth strategy predominantly based on the firm's resources and on the replication of the domestic strategy abroad. GI is an instrument of corporate

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strategy able to guarantee full control of both ownership and management of the investment because they allow the firm adapting the new foreign subsidiary to the idiosyncratic features of the parent company (Pan & Tse, 2000). Additionally, GIs allow for a phased resource allocation, reducing the potential for significant sunk costs (Brouthers & Dikova, 2010). Overall, GIs seem to represent the safest entry mode to ensure long-term orientation and the easiest way to replicate the domestic strategy and vision abroad (Lumpkin & Brigham, 2011). Hence, GIs, acquisition of the equity and EA range from the ones characterized by more control and long-term oriented to the weakest ones. Consequently, the selection among these options can be influenced by the owners' and managers' desire for control, their long-term vision, and their perception of risk.

In the context of FFs, scholars have extensively studied the influence of family ownership and management on choices related to international entry modes (Filatotchev, Strange, Piesse, & Lien, 2007; Kuo, Kao, Chang, & Chiu, 2012). A common assumption is that family owners and managers tend to be risk-averse and often opt for entry strategies that reduce the substantial risks associated with other entry methods (Kao & Kuo, 2017; Kao, Kuo, & Chang, 2013). More recent research has shifted its focus toward the need of FFs to mitigate the risk of SEW loss (e.g., Monreal-Pérez & Sánchez-Marín, 2017). In examining how FFs navigate their inherent risk aversion, several IB theoretical frameworks provide clarity. For instance, Kuo and colleagues (Kuo et al., 2012) leveraged a comparative institutional analysis, rooted in transaction cost economics and internalization theory, to determine that FFs often opt for cooperative entry modes to mitigate risks stemming from limited foreign experience. Yet, the primary risk perceived by these firms relates to the potential loss of unique family-related assets, such as reputational assets (Sestu & Majocchi, 2020). In a similar vein, Kano and Verbeke (2018) focus on the transfer of 'heritage' assets. Here, families tend to select entry modes offering greater control, like wholly-owned subsidiaries, with the intent of safeguarding family-centric assets. Still, when considering the SEW framework, scholars are divided on its impact on FFs' international entry mode decisions (see Arregle et al., 2021 for a comprehensive review). Following the IB literature for the explanation of the choice of entry mode and considering the heterogeneity of FFs (Daspit, Chrisman, Ashton, & Evangelopoulos, 2021), we agree with the recent assumption on how the entry mode decisions in FFs have a multidimensional explanation (Kraus et al., 2016) and, also, contingent (Xu, Hitt, & Miller, 2020). IB research has long investigated those aspects. Our model will introduce this part of the literature by considering the moderation effect of experience, knowledge, and country risk. Based on the findings from Arregle et al. (2021), we concur that FFs do not inherently favor a specific entry mode. Instead, it is crucial to examine the unique characteristics of each FF and understand how these traits influence their SEW motivations, which in turn shape their decision-making.

FFs SEW – Motivations and entry mode choices

The definition of a FF is crucial as it pinpoints characteristics that significantly impact internationalization, with ownership and management involvement being central to these traits (Arregle et al., 2021). Historically, characteristics of FFs were primarily defined by the presence or absence of the family within the ownership structure. Each owner brings distinct goals and values, with their influence closely tied to their ownership stake. Additionally, the composition of the board of directors, influenced by ownership decisions, spans a spectrum from entirely family to non-family members. Another factor is the inclusion of a family successor on the board (Lin & Liu, 2012). Furthermore, there is the consideration of whether external managers are present, given a family's typical hesitancy to entrust outsiders with strategic roles for fear of relinquishing decision-making control (Boellis, Mariotti, Minichilli, & Piscitello, 2016; Stockmans, Lybaert, & Voordeckers, 2010). More recently, key traits of FFs and their implications for organizations have been distilled into categories such as family influence or control, emotional attachment, unique social capital, intention to pass the business down generations, and the extent of generational involvement (Arregle et al., 2021).

When it comes to equity entry selection, Pongelli, Caroli, and Cucculelli (2016) posit that the choice of entry can be anticipated by examining the family ownership structure and the emphasis the

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family places on preserving SEW. There are numerous potential sources of SEW priorities (Gomez-Mejia et al., 2011; Jain, Thukral, & Paul, 2023), which are tied to various ownership and governance structures. Additionally, researchers have noted that SEW preferences can vary among family members. For instance, family executives might prioritize economic objectives, while family owners not engaged in daily management might lean more toward specific SEW-driven motivations (Miller & Le Breton–Miller, 2014; recently Marques, Leitão, Ferreira, & Cavalcanti, 2023).

In capturing the affective endowment of family owners, the SEW theory suggests that they frame problems regarding how actions may affect their bequest (Berrone, Cruz, Gomez-Meija, & Larraza-Kintana, 2010; Gomez-Mejia et al., 2007). Hence, preserving such endowment is at the roots of the risk-averse attitude characterising their strategic actions regarding the choice of equity entry mode.

Family business scholars have different results. Some observed that FFs opt to enter foreign markets through low commitment modes such as export to keep down the potential SEW expenditure risk connected with foreign direct investments (FDI; Arregle et al., 2021). However, wholly owned subsidiaries warrant firms for an appreciable control over operations and, therefore may be opted by FFs that aim to preserve SEW (Pongelli, Calabrò, & Basco, 2019). Boellis et al. (2016) established that FFs choose greenfield entry to AQ, and this inclination is less pronounced in family owned (rather than family managed) firms. This preference is to avoid compound acquisition integration processes and bear full control over the subsidiary (Yamanoi & Asaba, 2018).

Moreover, family business scholars have used the Uppsala lens to understand how those types of firms make entry mode choices (Stieg, Cesinger, Apfelthaler, Kraus, & Cheng, 2018). The main findings suggest that FFs are more cautious compared to NFF when moving into psychically distant markets by selecting indirect (i.e., non-equity) entry modes, choosing FDI (Kao et al., 2013). Indeed, Stieg et al. (2018) assert that FFs opt for FDI to front onto the challenge of conveying their natural emphasis from an internal focus on protecting family harmony to enhance external networks and resources.

Inspired by that evidence, we propose an original taxonomy that can predict FFs' international equity entry mode choices. Specifically, following Berrone, Cruz, and Gomez-Mejia (2012), we consider four dimensions that may explain the difference in SEW: (1) the overall degree of family involvement in firm (family concentration); (2) the degree of family involvement in the board of directors (a measure of emotional attachment and identification and distinctive social capital); (3) the presence of a family successor (as a measure of transgenerational intent and, also, distinctive social capital); and (4) presence of external managers (as a measure of reduction of family control) can explain the selection of equity entry mode because of the different weight those features placed on SEW preservations. According to a different combination of the four characteristics, we identified four clusters of firms (see Table 1).

NFFs, neither owned nor managed, belong to the cluster that has been named *Non-Family-Firms (NFF)*. At the opposite, there is the cluster that has been named *Pure-Family-Firms (PFF)*. Such cluster comprises FFs that are simultaneously family-owned and managed, with a board of directors exclusively composed of family members and the presence of a successor who is also involved in the management. In the case of PFF, families control the firms' behavior about both goals and strategic orientation because the family is pervasive either in the governance (i.e., the board of directors is only made up of family members) or in the management of the firm (i.e., family members are the only managers of the firm). The lack of individuals external to the family at the level of management and the board of the firm should ensure the undertaking of family-centred goals (De Massis, Frattini, Majocchi, & Piscitello, 2018; Revilla, Perez-Luno, & Nieto, 2016). Moreover, the presence of a successor should imply the pursuance of the firm's long-term strategic orientation (Lu, Kwan, & Zhu, 2020). Consequently, decisions are made to preserve the family's wealth in the long term and to reduce risky investments (Gomez-Mejia et al., 2007). Since FFs tend to focus on family-centred goals, this logically entails that their members must decide as a distinctive unit, having care to continuously operate in the family's best interest and not for individual interests. Consequently, families tend to avoid situations in which strategic choices might be driven by external managers pursuing non-family-centred goals (Hauck, Suess-Reyes, Beck, Prügl, & Frank, 2016).

Table 1. Description of the four clusters and their relationship with SEW

	1 Family ownership	2 Family Board of Directors	3 Presence of successors	4 No external manager	SEW
Pure-family-firms (PFF)	Yes	Yes	Yes	Yes	Maximum
Nearly-pure-family-firms (NPFF)	Yes	Yes	Yes	No	Medium
Borderline-family-firms (BFF)	Yes	No	No	No	Minimum
Non-family-firms (NFF)	No	No	No	No	Absent

Source: Authors' elaboration.

Between these extreme situations, two additional clusters have been named *nearly-pure-family-firms (NPFF)*, and *borderline-family-firms (BFF).* The first one includes family-owned FFs, whose management and board of directors have external professionals involved in their activities, as much as a successor. FFs with extended, long-term views on transgenerational wealth and having non-family members in the dominant coalition would demonstrate strategies that combine emotional and economic goals (Santulli, Torchia, Calabrò, & Gallucci, 2019). Finally, the fourth cluster has been named *borderline-family-firms (BFF).* It contains FFs that are family-owned, whose management and board of directors have external professionals involved, and no successor involved. This cluster is the nearest in terms of strategic choice to one of NFF, demonstrating an open attitude to risk and external involvement.

Hypotheses development

We assert that the broader the family involvement in the firm's ownership and management, the more likely the firm will opt for long-term, less risky (more cautious) and more controlled entry modes in foreign countries, i.e., greenfield initiatives rather than AQ and EA. Consequently, the main attributes characterizing FFs may be ranked and summarized as follows to understand their equity entry mode selection.

Families need to exert unlimited authority (i.e., control) on business strategies and implementation decisions (Del Bosco & Bettinelli, 2020; Liang, Wang, & Cui, 2014). Thus, in the context of an equity entry mode, they aim to foster family members to cover key roles even though such individuals may be less qualified for such positions, thus potentially pledging a lower level of qualifications than external professionals (Chang & Shim, 2014). This decision, even though seemingly not economically rational, is justified by the assurance that family members covering key roles would operate to preserve SEW, hence exclusively in the long-term family interest (Gomez-Mejia et al., 2007). Accordingly, among the equity entry modes, PFF prefer GIs. This choice considers that GIs are more flexible and can be modelled gradually; are less risky and more easily self-financed and controlled; and allow the capitalization of idiosyncratic family specific assets, which permits the establishment of the procedures and routines developed at home at a low marginal cost with a long-term orientation (Brouthers & Dikova, 2010).

Hiring managers who are external to the family expands knowledge skills and opens to new potential opportunities (Santulli et al., 2019). This is the case of the NPFF which may opt for non-family-centred objectives. Consequently, the equity entry mode to be selected may differ from PFF because managers who are not family members might favor other means based on their prior experience (e.g., suggesting employing an acquisition instead of a DI just because they are more experienced with its pros and cons). From a SEW perspective, the result is a potential risk for the family patrimony, as an acquisition is a second-rate solution compared to GIs. However, in the specific case

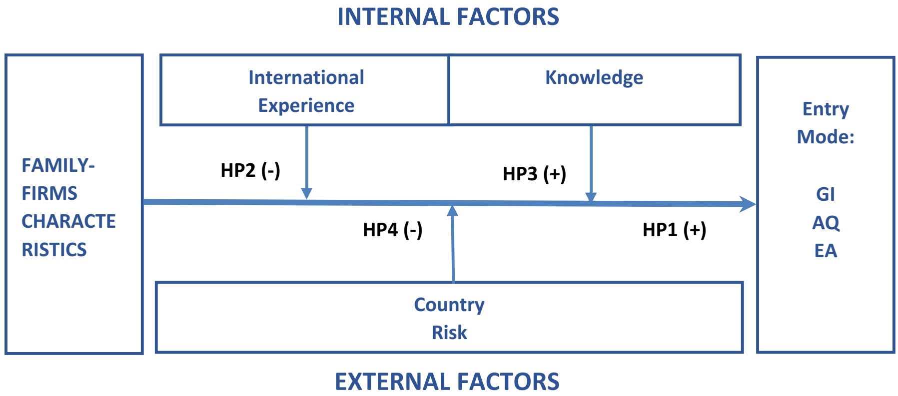

Figure 1. Our framework.

of NPFF, the simultaneous presence of a successor should still maintain firm's long-term strategic orientation.

Unlike it is the logical reasoning when we look at the BFF types. As anticipated, firms herein have individuals who are not family members involved in both management and board of directors; furthermore, there is no successor involved. Nevertheless, the presence of managers who are not family members and the simultaneous lack of a successor may implicate the pursuit of non-family-centered goals, with additional uncertainty regarding their time-based strategic orientation and the need for control of the foreign subsidiary (Bannò & Trento, 2016). In such situation, the choice of the favored international entry mode could differ from a GI as managers who are not family members could encourage different solutions backed by their personal goals, experience (Majocchi, D'Angelo, Forlani, & Buck, 2018), or analysis of the target context, thus favoring acquisition of the equity and EA (Worek, De Massis, Wright, & Veider, 2018). Building upon the previously exposed clusters, we formulate

Hypothesis 1: To preserve SEW, FFs with higher degrees of family involvement in ownership and management are more likely to choose GIs as their entry mode. Conversely, FFs with lesser family involvement in ownership and management tend to shift their entry mode from equity AQ to equity alliances.

Equity entry mode choices are influenced by both internal and external firm factors. Internal factors include goals, strategy, resources, and international experience (Kim & Hwang, 1992; Pan & Tse, 2000). External factors encompass industry-specific elements like demand and competition, and country-specific aspects such as political stability and institutional development (Yamanoi & Asaba, 2018). Our framework highlights these interactions and their impact on our primary hypothesis (Fig. 1), focusing on international experience, knowledge transfer, and destination country risk as key considerations (Brouthers, 2002).

Internal factors: International experience

IB studies identify four types of experience: age in international markets, international scope, prior experience in a specific destination, and past experience with each equity mode, all of which interrelate with SEW (Berrone et al., 2010; Cesinger et al., 2016). Both the accumulated knowledge of family managers over time and the company's breadth of international experience (i.e., international scope) are expected to moderate this relationship (Guillén, 2003). Such experience implies comprehensive understanding of international concerns and reduces foreign market uncertainty

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(Dow & Larimo, 2011; Kuo et al., 2012). Prior market experience alleviates the firm's foreignness challenges, as it garners insight into specific country dynamics (Maitland & Sammartino, 2015). These factors lessen risk aversion, diminishing FFs' inclination toward GIs over equity AQ or EA.

Similarly, the destination country where the firm has previously invested is relevant for FFs. The more a firm is accustomed to a specific country, the more it should perceive its investment as less risky. Being knowledgeable of a particular environment allows FFs to buffer against external interference because of the acquaintance with local stakeholders (e.g., government, channels, customers), having enough knowledge of how to enter alone and deal with integration/coordination issues. All mentioned aspects are reinforced in FFs since the managers are family members that share their knowledge (Evert, Sears, Martin, & Payne, 2018). Thereby FFs feel comfortable selecting the same country also by adopting different entry modes and considering acquisition of the equity and EA (Klier et al., 2017).

The fourth typology of international experience refers to the experience the firm accrued in the past with each equity mode (Pan & Tse, 2000). When accustomed to other equity entry modes (i.e., AQ or EA), we expect FFs' international experience to moderate the relationship, making it less likely to select a GI and choose the better-known entry mode. Accordingly, we formulate

Hypothesis 2: To preserve SEW, in FFs with higher degrees of family involvement in ownership and management, international experience would likely diminish the preference for GIs, leaning instead toward equity AQ followed by EA entry modes.

Internal factors: Knowledge

The second internal moderating factor is the firm's knowledge to be transferred abroad (Hashai, Asmussen, Benito, & Petersen, 2010). According to SEW, families aim to protect their long-term knowledge and manage the transfer of both business and wealth to future offspring (Gomez-Mejia et al., 2007). To accomplish this objective, they are used to appoint a successor as proof of their will to preserve their dynasty (Lumpkin & Brigham, 2011). Consequently, they would likely manage the foreign investment with a low-risk profile, ensuring they maintain their bequest for the benefit of their future generations. Thus, when transferring their knowledge abroad, FFs need to be ensured of the protection of their intellectual property and then prefer GIs vs acquisition of the equity and EAs.

To guarantee its highest level of protection, we expect

Hypothesis 3: To preserve SEW, as the FF's knowledge intensifies, there is a stronger inclination toward GI entry modes over equity AQ followed by EA.

External factor: country risk

We examined how the level of country risk might moderate the relationship presented in our first hypothesis (Howell, 2001). The construct of country risk originates from a combination of the institutional/political constraints that could limit the entrant's freedom to determine the best solution for its strategic objectives and the expropriation risk it could face in the destination country. Institutional/political constraints may limit its freedom if, for instance, the local government should impose the adoption of a specific entry mode (e.g., partnership with a local firm). Moreover, they are a driver of the country's stability/safety representing a critical issue for an entrant investing considerably in the destination country. The more distant the entrant's domestic institutional context is compared to the target country, the higher the perception of risk and uncertainty will be (Xu et al., 2020). Hence, the entrant would likely not enter or simply prefer a low-control (and commitment) entry mode, favoring those providing major flexibility. Thus, being concerned about preserving SEW, we expect country risk to affect FFs' choices crucially. When the country risk is low, FFs confirm to select a GI as there is minor risk of expropriation and/or because the destination country's political stability is high enough to justify such costly investment; conversely, when country risk is high, FFs

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would likely be cautious trying to share the risk with a partner and then preferring an acquisition of the equity and EA. Therefore, we formulate our last hypothesis:

Hypothesis 4: To preserve SEW, in FFs with higher degrees of family involvement in ownership and management, increased levels of country risk reduce the likelihood of adopting a GI and favor the choice of equity AQ, subsequently followed by EA entry modes.

Methods

Data source and sample

Data were achieved from Reprint, a database offering a census of Italian firms that operated outward FDI since 1986. To interpret our data and results with specific regard to international entry strategies, we employed a methodology aiming to identify FDIs. Their principles were rooted in criteria of economic materiality rather than on a formal and/or legal-administrative nature. Additional firm-level data were gained from AIDA – Bureau van Djick (a database providing balance sheets of Italian firms), while country data were gained from the Italian Ministry of Trade and the Henisz's database (Henisz, 2000). Specifically, Henisz offers an objective, extensive, and based on positive political theory's measure of institutional commitment employing a quantitative model to seize the competitiveness portion of the definition of democracy (i.e., competitiveness and participation).

The ultimate dataset was achieved by combining the sources mentioned above. It overall offers information regarding the entry modes adopted in 1,236 FDIs created between 2007 and 2013 within more than 30 Nations. The period observed is particularly significant, given the massive expansion of FDI by Italian firms in those years until the global financial crisis. Overall, our data represent more than 30% of the international investments operated by Italian firms in the same period. The sample bias was scrutinized by comparing the sample of examined firms with the Reprint data for the population of Italian firms with respect to two specific FDI features (i.e., entry mode and target country). Statistical analyses confirmed that our sample did not significantly differ from the reference universe in relation to the examined dimensions.[1]

Dependent variable

The empirical model reflects three equity entry modes: GI, AQ, and EA. We include all the equity-based operations, ranging from fully owned subsidiaries to joint ventures and minority partnerships (Giachetti, Manzi, & Colapinto, 2019). We adopt a three-way classification of the entries by distinguishing GI from acquisition and non-controlling (minority) ownership, the latter being defined as the possession of a stake equal to or less than 50% in the foreign company. GIs are the most costly but safest entry mode (Pan & Tse, 2000) and are ordered as third in our model. Their equity is majority owned by the investing firm. AQ represent the intermediate entry mode examined and are ordered as second in our model. This group comprises all firms whose equity was acquired for more than 50% (i.e., majority-owned AQ). Thus, even partial AQ are included if the acquirer controls more than 50% of the shares. In any other situations, entry modes are assimilated to EA and are incorporated in the next group, as they are minority brownfield investments (Meyer & Estrin, 2001). EA are the last entry mode examined and are ordered as first our model. This group comprises all the firms that the entrant controls with less than 50% of the equity. Such as in the case of EA, minority AQ, and minority GIs.

Summarizing, GIs, AQ, and EA are ordered with the values of 3, 2, and 1, respectively, denoting unique entry modes with values growing in correspondence to increasing degree of control, long term orientation and less perceived risk.

[1]Chi-squared tests on the distribution of firms by entry mode in the foreign market and destination countries show non-significant difference between sampled firms and the population of Italian multinational firms ($\chi^2(1) = 0.522$, $P = .470$ and $\chi^2(1) = 0.217$, $p = .641$, respectively).

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The models and independent variables

To account for the family's involvement in the parent company and given the proposed taxonomy, FFs may shift from NFF to BFF, NPFF and PFF. The four clusters, assuming a discrete value ordered from 1 to 4 according to their family nature (i.e., from value 1 when non-family to value 4 for PFF), are our independent variable (i.e., model of family firms). Consistent with our first hypothesis, our first model assesses the impact of the family-business model on the adopted entry mode controlling for firm and investment-specific effects. Model 1 is described as follows:

Model 1

$$\text{Entry mode} = \text{fn}\ (\textit{Model of family firms}, \text{Control variables})$$

To provide a deeper understanding of the equity entry mode choice, and according to our hypotheses, we introduce internal and external factors influencing the selection; some are considered moderators, others as control variables (Table 1). To test Hypotheses 2–4, we test the significance of the corresponding interaction variables that are our internal moderators (i.e., *Model of family firms**International Experience and *Model of family firms**Knowledge) and external moderators (i.e., *Model of family firms**Country risk).

Consistently with Hypothesis 2, the first internal factors considered among moderator variables are the variables *Internationalization age* (measured as the years of international experience by the time of the first FDI) and *Internationalization scope* (measured as the number of countries entered by the parent via FDIs). Also, being acquainted with the same destination country might be crucial for the investor, as it might have developed important local connections and acquired critical local knowledge (i.e., *Host country experience*). The latter is a dummy variable equal to 1 if there was at least a previous FDI in the same destination country. Scholars found that firms sometimes replicate the same advantages accrued through previous experiences selecting the same entry mode based on internal isomorphism (i.e., *Experience with Greenfield investments, Experience with Acquisitions*, and *Experience with Equity alliances*) especially when they enter through GIs (Davis, Desai & Francis, 2000; Lu, 2002). These last variables are three dummies equal to 1 if at least a previous FDI was established through a GI, AQ, or EA. Our second empirical model is described as follows:

Model 2

$$\text{Entry mode} = \text{fn}\ (\textit{Model of family firms}, \textit{Model of family firms} * \text{International Experience}, \textit{Control variables})$$

Regarding Hypothesis 3, a further internal factor considered among moderators is the *Knowledge*, which is measured as the logarithm of the number of the parent firm patents. It is a proxy of the knowledge the investor needs to transfer at the destination country's level (Subramaniam & Venkatraman, 2001), and that must be protected as a critical source of its competitive advantage. Our third empirical model is described as follows:

Model 3

$$\text{Entry mode} = \text{fn}\ (\textit{Model of family firms}, \textit{Model of family firms} * \text{Knowledge, Control variables})$$

Finally, consistently with Hypothesis 4, we include *Institutional/Political constraints* and *Expropriation risk* as moderators and proxy of the level of country risk (Henisz, 2000). Such constraints represent the destination country's safety level. *Institutional/Political constraints* are a measure of institutional/political constraints at the destination country level assuming a value between 0 (lowest constraints) and 1 (highest constraints), while *Expropriation risk* is a measure of the expropriation risk at the destination country level, assuming a value between 1 (lowest risk) and 100 (highest risk). Our last empirical model is described as follows:

Model 4

$$\text{Entry mode} = \text{fn}\ (\textit{Model of family firms}, \textit{Model of family firms} * \text{Country risk, Control variables})$$

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Control variables

The first control variable is the age serving as a proxy of the firm's *Overall experience*. Older firms are more likely experienced in their business. We control for this generic experience, distinguishing it from specific international experience. Such variable is defined as the logarithm of the firm's age. Then, we considered a measure of the entrant firm's slack resources (*Financial constraints*) (George, 2005). When limited, they may affect the entrant driving it to select a cheaper form of entry mode, such as an equity alliance, or push it to open its ownership to non-family individuals to get new financial resources (Pan & Tse, 2000). We proxy firms' financial constraints by using the liquidity ratio. *Firm size* and *FDI size* are variables measured respectively by the logarithm of the sales at home and abroad. Larger firms may possess more managerial capabilities, and GI facilitates these resources' exploitation abroad (Boellis et al., 2016). We likewise control for firms quoted in the Italian Stock Exchange (i.e., *Listed*) measured through a dummy variable equal to 1 when they are listed. To monitor for discrepancies among Italian regions, should a specific geographical context impact a firm's international strategy, we introduce a dummy variable equal to one when the parent company is in the Northern Italy (i.e., *North*). One additional factor is *FDI patent*, representing a proxy of the subsidiary or foreign firm's knowledge and measured through the logarithm of the number of FDI's patents. We finally considered industry dummies for supplementary control (i.e., *Industry*). Ten binary variables signal if the parent firm belongs to: telecommunications and software, industrial machinery, metal products, constructions, services, chemical and pharmaceutical, automotive, raw materials, made in Italy (e.g., agribusiness, textile). Table 2 describes the dependent and independent variables employed in our analysis, while Tables 3 and 4 report their descriptive statistics.

Model estimation

Because our dependent variable (i.e., *Entry Mode*) has ordinal nature and it is hard to quantify the 'distance' between the values it subsequently takes, we selected an ordered model as the best functional form adequate to test its determinants (Kennedy, 2008). Ordered regressions model the dependence of a polytomous ordinal response on a set of numerical or categorical predictors. The ordered logit model estimates the effects of independent variables on the log odds of having lower rather than higher scores on the dependent variable. If an ordered dependent variable Y assumes J distinct values, the relationship between the log odds ratio and K independent regressors x_k is expressed as follows:

$$\ln\left(\frac{p(Y \leq j\,|X_K)}{p(Y > j\,|X_K)}\right) = \alpha_j - \sum_{k-1}^{k} \beta_k X_k, \text{ for j = 1 to j-1,}$$

where α_j are the intercepts indicating the log odds of lower than higher scores when all independent variables are equal to zero, and β_k represents the change in the log odds corresponding to a unit increase in x_k. Therefore, $e^{\beta k}$ represents the odds ratio corresponding to a unit increase in x_k and is called the odds ratio of x_k. As the odds ratios of independent variables do not depend on j, the ordered logit model is also called proportional odds model.

Results

The regressions to test our hypotheses via econometric estimates were run by using PASW Statistics 17.0, which models the ordered logit regression through the PLUM methodology[2] derived from McCullah (1980). The correlation matrix (available upon request) shows acceptable correlation indexes between regressors. Table 5 reports the output of the ordinal regressions testing the impact of four distinct clusters of FFs and NFFs on the entry mode selection.

[2]The PLUM methodology, which stands for Polytomous Universal Model, extends the general linear model to handle ordinal categorical data. It employs a broad range of models to examine the relationship between a polytomous ordinal dependent variable and a group of predictors. By recognizing the ordinal characteristics of the dependent variable, these models eliminate the necessity for rescaling. Additionally, the procedure accommodates the fitting of heteroscedastic probit and logit models.

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Table 2. Description of dependent and independent variables

Variables	Definition	Source
Dependent Variable		
Entry mode	Categorical variable that takes value of 3 for Greenfield Investments 2 for Acquisitions, and 1 for Equity alliances	Reprint
Independent and Control Variables		
Model of family firms		
Ownership	Dummy variable equal to 1 if the firm is majority-owned by the family when not listed, equal to 1 if the firm is owned at 20% when listed, and 0 otherwise	Aida
Governance structure	Shares of family representatives who are members of the board of directors (%)	Aida
External managers	Dummy variable equal to 1 if at least one non-family member is a manager, and 0 otherwise	Aida
Successor	Dummy variable equal to 1 if at least one descendant is within the board of directors, and 0 otherwise	Aida
Internal Factors		
Overall experience	Logarithm of the firm age (years)	Aida
Firm size	Logarithm of sales (euro)	Aida
Financial constraints	Liquidity index (%)	Aida
FDI size	Logarithm of FDI sales (euro)	Reprint
Listed	Dummy variable equal to 1 if the firm is listed, and 0 otherwise	Aida
North	Dummy variable equal to 1 if the firm is located in the North of Italy, and 0 otherwise	Aida
Internationalization age	Years of international experience by the time of the first FDI (years)	Reprint
Internationalization scope	Number of countries entered by the parent with FDI (countries)	Reprint
Host country experience	Dummy variable equal to 1 if there were at least a previous FDI in the same destination country, and 0 otherwise	Reprint
Experience with GIs	Dummy variable equal to 1 if at least a previous FDI were established through GIs, and 0 otherwise	Reprint
Experience with acquisitions	Dummy variable equal to 1 if at least a previous FDI were established through Acquisitions, and 0 otherwise	Reprint
Experience with equity alliances	Dummy variable equal to 1 if at least a previous FDI were established through Equity alliances, and 0 otherwise	Reprint
Knowledge	Logarithm of the number of parent firm patents (patents)	European Patent Office
External Factors		
Industry	Dummy variable equal to 1 if the firm belongs to 1 of the 10 aforementioned industries, and 0 otherwise.	Reprint
FDI patent	Logarithm of the number of FDI's patents (patents)	European Patent Office
Institutional/Political constraints	A measure of institutional/political constraints at the destination country level assuming a value between 0 (lowest constraints) and 1 (highest constraints)	Henisz database
Expropriation risk	A measure of the expropriation risk at the destination country level, assuming a value between 1 (lowest risk) and 100 (highest risk)	Italian Ministry

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Table 3. Descriptive statistics of dependent and independent variables

Variables	Min	Max	Mean or percentage	Standard deviation
Dependent Variable				
Greenfield investments (GIs)	0.00	1.00	27.80%	0.44
Acquisitions (AQ)	0.00	1.00	44.09%	0.50
Equity alliances (EA)	0.00	1.00	28.11%	0.45
Independent and Control Variables				
Model of family firms				
Ownership	0.00	1.00	50.56%	0.50
Governance structure	0%	100%	15.41%	0.25
External managers	0.00	1.00	97.75%	0.15
Successor	0.00	1.00	29.99%	0.46
Internal Factors				
Internalization age	0.00	111	21.72	18.17
Internationalization scope	0.00	54	13.21	11.22
Host country experience	0.00	1.00	69.01%	0.46
Experience with GIs	0.00	1.00	89.16%	0.31
Experience with acquisitions	0.00	1.00	88.83%	0.31
Experience with aquity alliances	0.00	1.00	77.18%	0.42
Overall experience	0.60	2.25	1.66	0.28
Knowledge	0.00	2.30	0.04	0.20
Firm size	2.09	7.68	5.70	0.98
Financial constraints	0.26	8.00	1.40	0.82
FDI size	−3.00	3.85	0.56	0.89
Listed	0.00	1.00	90.12%	0.29
North	0.00	1.00	59.22%	0.49
External Factors				
FDI patent	0.00	2.30	0.04	0.20
Institutional/Political constraints	0.00	0.71	0.37	0.17
Expropriation risk	2.00	91.00	35.62	24.79

Our research shows that, based on such specific firms' features, FFs have different approaches toward equity entry modes because every entry mode has other implications about the protection of the family patrimony, with the latter representing the FF's main *raison d'être*. While family involvement in the business is understood as the main factor differentiating FFs from NFFs, FFs should not be viewed as homogeneous entities. We found support for our major hypotheses confirming that family presence within ownership and management, just as family-centered goals and long-term strategic orientation are characteristics associated with a pure form of FF; and that, to protect its patrimony in the context of a foreign expansion, such firm favors the selection of a GI compared to an AQ and EA. We found that family-centered goals (i.e., long-term orientation, control, risk) and long-term strategic orientation relate to a resisting attitude toward AQ and EA, while simultaneously favoring GIs (the coefficient of *Model of family firms* is positive and statistically significant at $P > .01$in all models). Hence, Hypothesis 1 is fully supported.

Regarding the three models with moderators, results only partially support our last three hypotheses.

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Table 4. Clusters' descriptive statistics

	Variables	Min	Max	Mean or percentage	Standard deviation
Cluster 1 NFF	Ownership	0.00%	5.00%	4.9%	0.11
	Governance structure	0.00%	57.00%	4.7%	0.11
	External manager	0.00	1.00	98.5%	0.12
	Successor	0.00	1.00	6.81%	0.25
Cluster 2 BFF	Ownership	21.0%	100%	70.6%	0.25
	Governance structure	0.0%	100%	50.0%	0.32
	External manager	1.00	1.00	100%	0.00
	Successor	0.00	0.00	0.00%	0.00
Cluster 3 NPFF	Ownership	22.0%	100%	76.6%	0.22
	Governance structure	6.0%	100%	58.4%	0.29
	External manager	1.00	1.00	100%	0.00
	Successor	1.00	1.00	100%	0.00
Cluster 4 PFF	Ownership	14.0%	100%	89.1%	0.21
	Governance structure	3.0%	100%	88.2%	0.19
	External manager	0.00	0.00	0.00%	0.00
	Successor	0.00	1.00	67.6%	0.47

First, Hypothesis 2 is only partially confirmed. International experience showed a positive moderating effect on the relationship between FFs and the selection of GIs only when considering previous experience with the same entry mode. Furthermore, our results demonstrate that a generic international experience (i.e., experience by the time of the first internationalization, internationalization scope, and experience with the same destination country) is not sufficient to change the FF attitude toward risk, long-term orientation, and control. Conversely, our analysis suggests that FFs need specific knowledge of the same equity entry mode used in the past; such experience helps them to profitably employ that same equity entry mode, as they know all possible issues potentially emerging during its proper implementation. Stated differently, having various generic typologies of international experience does not yield the required, specific experience capable to favor a particular international entry mode, as well as AQ and EA ones. The effect of the *Model of family firms* is confirmed for experienced firms in terms of mode of entry (*Experience with GIs*Model of family firms* is positive and statistically significant at $P < .01$, while *Experience with equity alliances*Model of family firms* is negative and statistically significant at $P < .01$ in Model 2). The experience measure by *Internationalization age, Internationalization scope*, and Host *country experience* has no impact when moderated by the model of FFs (coefficient of *Internationalization age*Model of family firms, Internationalization scope*Model of family firms, Host country experience*Model of family firms* are nonsignificant in Model 2).

Hypothesis 3, related to the effect of knowledge as internal moderators, is fully supported (*Knowledge*Model of family firms* is positive and statistically significant $P < .05$ in Model 3).

Within more than 30 nations that allow us to have a variety of destination countries and then a variety of levels of destination country risk, our results confirm that being concerned about preserving SEW, country risk crucially affects FFs' choices. When country risk is high, FFs shift from GI and share the risk with a partner and then prefer AQ and EA. Hypothesis 4 receives support as the higher the risk of investment losses because of expropriation risk, the lower is the FF's propensity to enter through a GI (*Expropriation risk*Model of family firms* is negative and significant at $P < .01$ in Model 4).

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Table 5. Results of the ordinal regressions

	Base model		Moderators: Internal factors				Moderators: External factors	
	Model 1		Model 2 International experience		Model 3 Knowledge		Model 4 Country risk	
	Coeff.	SE	Coeff.	SE	Coeff.	SE	Coeff.	SE
Model of family firms	0.36***	0.08	0.80***	0.17	0.32***	0.09	0.43***	0.14
Control Variables: Internal Factors								
Overall experience	−1.47***	0.29	−0.68**	0.31	−1.57***	0.29	−1.36***	0.29
Firm size	−0.22**	0.08	−0.09	0.10	−0.28***	0.09	−0.22***	0.06
Financial constraints	0.12	0.08	0.24***	0.09	0.12	0.08	0.11	0.08
FDI size	−0.03	0.07	−0.02	0.07	−0.05	0.07	−0.05	0.07
Listed	0.12	0.24	0.29	0.28	−0.02	0.25	0.07	0.24
North	−0.28	0.16	−0.06	0.17	−0.17	0.17	−0.24	0.16
Control Variables: External Factors								
Industry	Yes		Yes		Yes		Yes	
FDI patent	−0.21	0.26	−0.22	0.27	−0.20	0.26	−0.24	0.27
Moderators: Internal Factors								
International Experience								
Internationalization age* *Model of family firms*			−0.01	0.01				
Internationalization scope **Model of family firms*			0.01	0.01				
Host country experience **Model of family firms*			−0.06	0.10				
Experience with GIs **Model of family firms*			0.45***	0.14				

(*Continued*)

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Table 5. (*Continued.*)

	Base model		Moderators: Internal factors				Moderators: External factors	
	Model 1		Model 2 International experience		Model 3 Knowledge		Model 4 Country risk	
	Coeff.	SE	Coeff.	SE	Coeff.	SE	Coeff.	SE
Experience with AQ **Model of family firms*			−0.15	0.14				
Experience with EA **Model of family firms*			−0.81***	0.13				
Knowledge								
Knowledge* *Model of family firms*					0.09**	0.04		
Moderators: External Factors								
Country Risk								
Institutional/Political constraints* *Model of family firms*							0.40	0.23
Expropriation risk* *Model of family firms*							−0.01***	0.01
Number of observations: 1,236	Pseudo $R^2 = 0.084$ Prob > chi2 = 0.000		Pseudo $R^2 = 0.109$ Prob > chi2 = 0.000		Pseudo $R^2 = 0.086$ Prob > chi2 = 0.075		Pseudo $R^2 = 0.094$ Prob > chi2 = 0.078	

SE = standard error.
*$P < .10$.
**$P < .05$.
***$P < .01$.

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The scrutiny of the coefficients exhibited by the internal control variables proves that both age and size of the firm matter (the coefficient of *Overall experience* is negative and significant at $P > .01$ in all Models, and the coefficient of *Firm size* is negative and significant in Models 1, 3, and 4). Moreover, financial constraints at the parent level positively impact the entry mode only in Model 2 (the coefficient of *Financial constraints* is positive and significant at $P < .01$). Examining the coefficients displayed by the control variables *FDI size, Listed*, and *North* reveals no statistically significant effect in any Model. Finally, regarding external factors, the industry does matter in all Models, whereas the coefficient of *FDI patent* is not significantly different from zero in any Model.

Discussion and conclusion

In an era where international boundaries blur and businesses evolve in the context of global marketplaces, the strategic imperatives of FFs, shaped by their unique family ownership and management dynamics, have piqued scholarly attention (Calabro, Chrisman, & Kano, 2022). Despite their prevalence and economic importance, the intricate interplay between familial elements and international strategies in such firms remains a gap in the literature. To bridge this gap, our study bridged the family business and IB fields, adopting the SEW perspective as a guide. This is a step forward to the call in the field to explain the heterogeneity of FFs' international behavior (Alayo, Iturralde, Maseda, & Aparicio, 2021; Arregle, Hitt, & Mari, 2019; De Massis et al., 2018; Galvagno & Pisano, 2021). Our investigation, spanning 1,236 international expansions over a 6-year timeframe, yields findings about the nuanced international behaviors of FFs. These firms, when split into different typologies ranging from purely family-centric to non-family, exhibited distinct tendencies in their entry mode selections, influenced profoundly by both internal and external factors.

A clear takeaway is the pivotal role family involvement, both in ownership and management, plays in shaping international expansion strategies. When such involvement is heightened, there emerges a pronounced preference for GIs over AQ or EA. From a theoretical standpoint, this tendency can be traced back to the intrinsic value FFs place on preserving their SEW (Pongelli et al., 2021). GIs, by their very nature, offer greater control and autonomy, aligning with the SEW preservation motives. A counter argument could be that this inclination toward GIs might also stem from the FF's desire to infuse and imprint their familial values, culture, and operational ethos into new international ventures from the ground up, rather than integrating into pre-established structures (Alayo et al., 2022; Calabrò, Mayrhofer, & Valentino, 2023).

Delving deeper, the role of international experience emerges as a consequential moderator. In fact, FFs with good international experience would have accumulated not just operational knowledge but also a cognizance of the sociocultural dynamics of foreign markets (Lahiri, Mukherjee, & Peng, 2020). Thus, their strategic inclinations might be driven by a mix of pragmatic business considerations interwoven with an underlying ethos of SEW preservation (Bettinelli, De Massis, Singal, & Davis, 2023; De Massis et al., 2023).

Country risk, an external variable, also holds sway over FFs' international choices. This can be viewed through the lens of risk aversion inherent in FFs, stemming from their SEW orientation (Boellis et al., 2016). But an alternative perspective might suggest that this risk aversion is not purely about safeguarding SEW but also a pragmatic response rooted in a deep-seated desire to protect and perpetuate the family legacy for future generations (Lahiri et al., 2020; Santulli et al., 2019).

The nuances unraveled in our study underscore the multidimensional ethos governing FFs' international behaviors. As scholars, it challenges us to continually refine our theoretical constructs, while acknowledging the mix of familial, cultural, and strategic imperatives that shape FFs' presence into the global arena.

Contributions to theory and practice

Overall, the main findings from this paper suggest that the FFs' exhibit distinctive entry mode choices owing to their family ownership and control structures, deeply ingrained values, and enduring

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commitment to long-term goals. An in-depth comprehension of these factors is imperative for the development of efficacious internationalization strategies and preserving alignment between familial and corporate goals. In this regard, this paper is a step forward in response to the call within the field to elucidate the heterogeneity of FFs' international behavior (Alayo et al., 2021; Arregle et al., 2019; De Massis et al., 2018; Galvagno & Pisano, 2021). It accomplishes this by introducing an innovative taxonomy of FFs grounded in potential distinctions related to ownership and control structures. The contribution to FF theory underscores a fundamental point: the diversity among FFs precludes the application of a universally applicable internationalization approach. Therefore, a thorough understanding of the distinct characteristics and dynamics specific to each FF is essential for the development of a bespoke internationalization strategy that aligns with its unique objectives, values, and available resources. Second, our study provides theoretical and empirical advancement of SEW theoretical arguments. Indeed, SEW plays a significant role in understanding the entry mode choices of family businesses. SEW encompasses the non-financial, emotional, and social aspects of FFs, and it has implications for their behavior when they select their entry mode. Such heterogeneity is reflected in differing degrees of SEW preservation tendencies that FFs moving to international markets might have, determining why some prefer more resource and commitment intense entry modes and others do not.

In this study, our analysis of the impact of SEW diversity within family businesses, employing a taxonomy rooted in ownership and management structures, advances family business theory and confirms two fundamental aspects:

- Inherent multifaceted nature of SEW (Hauck et al., 2016; Swab, Sherlock, Markin, & Dibrell, 2020): our research underscores that SEW is inherently multifaceted, devoid of a standardized or uniform SEW profile that applies universally to all FFs.
- Significance of SEW heterogeneity (Gómez-Mejía & Herrero, 2022): the inherent heterogeneity of SEW among family businesses emerges as a crucial dimension requiring thoughtful consideration in the realms of research and analysis related to FFs and their behavior, being the internationalization choices one of them.

This research contributes to a deeper understanding of SEW's complexities within family businesses and its profound implications for their internationalization endeavours.

Third, this study has contributed to advancing our comprehension of family business internationalization by weaving together the intricate threads of SEW and conventional IB theories. This paper has conducted a thorough examination, juxtaposing the distinctive attributes of various FFs within the framework of SEW. We have examined these characteristics alongside conventional factors considered in equity entry mode choices within IB, including firm experience, knowledge, and destination country risk. Our central premise has revolved around the notion that the existing endowments of FFs hold substantial influence over their preferences and determinations concerning internationalization strategies.

Our study also has managerial implications. In PFF and for advisors working with such entities, a conscious understanding of the organizational structure, particularly the absence of external managers or directors on the board, is imperative. This insular structure, while designed to safeguard family control and wealth, may inadvertently narrow strategic choices. Over-reliance on GIs leverages existing knowledge but may limit the firm's capacity for innovation and adaptability in diverse competitive landscapes. Such an approach, grounded in established practices, may not offer the flexibility needed for navigating the complexities of global markets. To enhance strategic dynamism, it is recommended that FFs consider the integration of external expertise. Engaging external professionals can introduce novel perspectives, encouraging the exploration of innovative solutions, such as strategic alliances, which can diversify risk and unlock new avenues of growth.

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Limitations and future research directions

This study is not exempt from limitations, and there are several avenues for future research to expand upon the current analysis. First, our results should be cautiously interpreted, as our sample is representative only of Italian firms; thus, it could not reveal the actual situation in other countries. It would be stimulating to develop a better understanding of the relationship between FFs' behaviors and their country's origins (i.e., national culture). Similarly, an interesting comparison could be made if the same research was developed with a primary focus on non-equity entry modes to have a complete picture of the choices. Furthermore, we could not identify the impact of industry moderators. Future studies might try to fill this gap, hence completing the list of external factors potentially moderating the relationship between FFs and their entry mode selection.

Concluding remarks

In the intricate landscape of the global economy, our research offers a nuanced understanding of FFs' international strategies. By merging insights from family business and IB domains using the SEW perspective, we have highlighted the profound influence of family involvement on a firm's international expansion choices. Our findings reveal a marked preference among FFs for GIs, though this inclination is moderated by their international experience and the risk profile of the destination country. While enriching academic discourse, these insights also present practical implications: family businesses must balance the safeguarding of their SEW with the demands of a dynamic global market. This may necessitate rethinking traditional governance and being open to external expertise.

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