Exploring the Internationalization Process

The Evolvement of the Internationalization Process in a Swedish Family Business
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Abstract

A decision regarding internationalization is seldom a small decision in a company, especially if the company is a small-medium sized family businesses. This factor taken together with the need for a deeper understanding of family businesses leads this thesis into the research of the internationalization process of a family business. To provide a deeper understanding of how the internationalization process in a small family business evolve, the thesis will use a single case study as its research method. The aim is to showcase which factors that interact when a family business internationalizes. Questions like what motivates internationalization, what strategies are chosen and which factors influence the internationalization process are to be answered. Based on a single case study of small-medium sized family business in Sweden, the findings suggest that customer pressure is an initiating factor to internationalize while the basic principles and values of the family business act as a framework which controls the approach and decisions taken. Besides, the internationalization strategy indicates a strong will to have high control, strong commitment and low levels of risk.
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1. Introduction

The first section of this thesis will provide a background to family business internationalization and family business as a business entity, together with the importance of these topics. This will be followed by explaining the research problem and identifying a gap in the research evolving around family business internationalization, which is the foundation of the research. This will be continued by the purpose and aim of the research, which is to gain a deeper insight in the internationalization process in small- and medium sized family businesses. Finally, the chapter will provide the definitions of key concepts used throughout the thesis.

1.1 Background

With the world steadily moving towards becoming more globalized and with increasing competition, many companies face vital strategic decisions, such as remaining in their current location or moving abroad where production and labour costs might be lower. This process is often referred to as internationalization which is a broad term with multiple definitions. According to Pukall and Calabrò (2013), internationalization is, in its most wide sense, sales generated outside of the business’ country of origin. Internationalization can however be divided depending on the type of activity, or the level of commitment by the company. Examples of such activities are foreign direct investments, upstream or downstream expansion, export of goods or services, the creation of sales offices and the usage of international sales agents. Internationalization could also be defined as “The discovery, enactment, evaluation and exploitation of opportunities—across national borders—to create future goods and services.” (Oviatt & McDougall, 2005, p. 540). By using this definition of internationalization, most internationalization activities are incorporated. This definition is thereby broad and may incorporate both strategic and day-to-day decisions. However, within the scope of this thesis, the focus will be upon the larger, strategic decisions or steps within the internationalization process, such as expanding the business abroad or starting a sales office abroad, in contrast to exporting goods to a new country. Strategic decisions refer to decisions that are “Important, in terms of the actions taken, the resources committed, or the precedents set” (Eisenhardt & Zbaracki, 1992 p. 3). Zahra (2003) states that internationalization is one of the most complex strategies that a family business can undertake. It has also developed into an important growth strategy. This results in the internationalization process being a crucial strategy in a globalized environment.
Historically, businesses competed on a more regional level, rather than on a global scale (Kontinen & Ojala, 2010). Goods and services were not exported to every corner of the world, not even exporting abroad was common for smaller companies, thereby making the competition less global. It was both practically and financially inefficient for assembling businesses to import products from across the globe due to ineffective or non-existing trade agreements, high transaction costs and high export tolls (Ekonomifakta, 2017). This inefficiency has changed as an effect of the advances and accessibility of technological innovations (Davis & Harveston, 2000), together with lower transaction costs. This is a result of the work with free trade agreements of the Thatcher and Reagan administrations, and their successors, during the 1970’s and 1980’s (Yergin, 1991). Therefore, it is now possible to compete effectively across the globe.

Sweden’s export has been around 50% of the country’s GDP so far during the 21st century, which is a few percentage points higher than the average of the EU member states, which is around 40-45% of GDP. Comparing these numbers with other larger economies like the U.S or Japan shows a great difference. The US's and Japan’s export of GDP has been around 10-18% of GDP during the same time period. These statistics highlights the importance of export of goods and services for Sweden. However, historically this has not been the case in Sweden. In the beginning of the 1990’s Sweden’s export percentage of GDP were around 25% (Ekonomifakta, 2017). The economy of Sweden has thereby witnessed a rapid and drastic change in 20 years’ time.

Kontinen & Ojala (2010) states that internationalization is a field which has been well researched as a whole, but less so within family businesses. The interest in researching family business internationalization has increased in the latter years, but knowledge is still limited. Within extant research, there have been mixed conclusions regarding the positive and negative relationship between family involvement and internationalization (Kontinen & Ojala, 2010). Fernandez and Nieto (2006) points at a negative relationship in their studies, while Carr and Bateman (2009) supports a positive relationship. However, Cerrato and Piva (2010) have found in their study that there are not any major differences between family and non-family businesses regarding internationalization. However the viewpoint on the relationship between family involvement and internationalization, the choice of expanding abroad is an important aspect for individual business and the economy alike (Kontinen & Ojala, 2010).
In the case of internationalization among family businesses, Fernandez and Nieto (2006) explain that generational change within family businesses have a positive effect on internationalization. However, family businesses are generally relatively young with approximately 30% making it to the second generation, 10% to the third generation and 1% to the fourth generation (European family businesses, 2012). Thereby limiting the potential effect of generational change on internationalization suggested by Fernandez and Nieto (2006).

The family business is the oldest business entity in history and accounts for approximately two thirds of all businesses worldwide as well as adding estimated 60-90% to the world’s non-governmental GDP. Family businesses are also responsible for the creation of between 50% and 80% of the non-governmental jobs worldwide (Growth, 2017). Within Europe, family businesses account for 60% of all companies, creating approximately 5 million jobs and account for 40-50% of total employment. European family businesses also add 9% to the GDP of the European Union (Growth, 2017; European family businesses, 2012). However, there is great variance across the world depending on the definition chosen. The family business definition used throughout this thesis can be seen under definition of key concepts, but regardless of definition, these numbers highlight the great importance of family businesses for both the local and global economic and the social environment.

The family business is a diverse business entity and could be differentiated by the involvement of the family in ownership and management. Ownership and management could be separated, but since they are proven to be highly interdependent according to a study by Fernandez and Nieto (2006), they are often combined into one factor or variable when conducting studies. The involvement by the family in ownership and management have a direct effect on the strategy and direction of the business. This provides a unique environment where every family business has their unique way of operating, mainly due to family dynamics and the balance of work and private life according to studies done by PWC (2017). The same study concludes that conflicting views of family members with deciding power can lead to difficulties in managing a business, both on a day-to-day basis and in more strategic decisions. Major decisions are therefore key for the success of all businesses in order to survive and stay competitive.
1.2 Research Problem

The research problem which will be explored is how the internationalization process as a strategic decision evolves in small- and medium sized family businesses. How the strategic decisions are made and in order to answer the research question, focus lies on the internationalization process and not the wide field of decision-making. As will be discussed in the following segment, family businesses have been extensively studied and the interest in researching them has increased in the latter years. Nevertheless, the knowledge remains limited, partly due to the great diversity between and within family businesses. This supports the need for more in depth studies of family businesses, for example by conducting single case studies to gain a deeper understanding of underlying factors and relationship between them. Easterby-Smith et al. (2015) suggest that such an approach is suitable for acquiring in depth knowledge, which is important since internationalization is one of the most complex strategic decisions that a family business can make (Zahra, 2003).

The need for researching family businesses as a separate entity from non-family ones, arise from the uniqueness of family businesses (Berrone et al., 2012). The main differences are visible in, for example, that family businesses are less likely to fire while also being more likely to hire people during recession or economic hardships, family businesses are also in general more profitable over time and less likely to take on debt, while being more likely to fund charities, support the community and focus on long-term goals with the business (Ffi.org, 2017; Westhead & Cowling, 1997). Kontinen and Ojala (2010) states in their review that the ownership structure of family businesses results in a different internationalization process than other business entities. It is therefore important to have specific research for family business and more specifically family business internationalization.

There is a vast amount of research conducted on family businesses due to their importance for the economy and other social factors. There are however much left to be further researched due to the many differences between family businesses (Berrone et al., 2012). A majority of the research is less than 25 years old, pointing towards an increasing interest in researching family businesses (European family businesses, 2012). Goel et al. (2014) states that research studies within the field of family businesses are often revolved around questions about ownership and management, areas which have been increasing in popularity and been extensively studied during the last 20 years. However, Goel et al. (2014) also states that management in small family businesses is a narrow research field and that only the
foundation is laid. Other studies have shown that even though these areas have been extensively studied in the latter years, the knowledge and understanding remain limited (Basco & Pérez Rodriguez, 2011; Chrisman et al., 2005; Chua et al., 1999). Even though the family business is an important research area with an increasing interest, Kontinen and Ojala (2010) states, in their review of 25 research articles within the family business internationalization field, that research of family business internationalization is very limited and underdeveloped. Further knowledge about both processes, strategies and what makes family business internationalization unique is needed. They continue their reasoning with adding that small to medium sized family businesses is even further behind in the research. This is important since family businesses are highly diverse and different insight might be gained by examining different types of businesses in terms of size. Nordqvist et al. (2014) suggest that the diversity within family businesses may limit the knowledge in the field, even though researchers recognize that the diversity is present. Thereby indicating a need for further exploring family businesses in depth to gain more knowledge about management and the decision-making process in strategic decisions such as the internationalization process.

In the type of environment, where competition is globally becoming fiercer with actors emerging in every corner of the world, the effect is visible even for smaller family businesses that operate mainly locally. Their local environment is no longer a safe zone that is protected from outside forces. This could be a combination of a broader range of similar actors available to choose from and the fact that smaller businesses supply larger more globalized companies rather than solely neighbouring businesses (United Nation Conference on Trade and Development, 1997). Since family businesses are being affected by the globalization process as described above, the need for family businesses to exploit new opportunities in new markets could emerge. This is to be able to handle the increasing competition. With the emergence of this trend, the need to make strategic decisions about internationalization and questions of how to steer the company in the right direction would increase.
1.3 Research Purpose

The purpose of this thesis is thus to explore strategic decisions concerning internationalization processes in a small-medium sized family business. This will be achieved by examining the role of internationalization as a strategic decision in a single case study and examining and comparing embedded cases within the case company. The aim is to gain a deeper and better understanding of how strategic decisions, related to internationalization, are made. Thus, filling a gap in the research, which is the limited in depth knowledge about the internationalization process, especially so within in small-medium sized family businesses. Thereby, the thesis aims to broadening the knowledge about how small-and medium sized family businesses’ internationalization process may evolve by providing rich insights in one family business. By understanding what makes family businesses and their internationalization process unique, the managers and owners of such companies can take advantage of that knowledge to manage the process and create strategies in the best possible way. There are also possible learning outcomes for other business entities by understanding the advantages and disadvantages of the family business internationalization.

1.3.1 Research Question

Based on the research problem together with the research purpose, the primary research question that this thesis will focus upon is:

1. How does internationalization as a strategic decision evolve in a family business?

Extracted from this primary research question are the following sub research questions, which are designed to facilitate the research process and help explain the primary research question:

2. Which actors take a role within the family business internationalization process?
3. What are the key motivators for a family business to internationalize?
4. How does the internationalization process in a family business evolve over time?
1.4 Definition of Key Concepts

The key concepts, family business and business size, used within this research paper have multiple meanings and definitions. The following is therefore a short description of the additional definitions which has not been explained in text. These definitions are important since they can alter the outcomes of the findings.

Family business has a wide range of different definitions available and due to the great variety within the business entity, it is difficult to find one that fits all. For the scope of this paper, the definition chosen is given by the four key points provided by the EU commission (Growth, 2017), namely:

1. The majority of decision-making rights are in the possession of the natural person(s) who established the firm, or in the possession of the natural person(s) who has/have acquired the share capital of the firm, or in the possession of their spouses, parents, child, or children’s direct heirs.
2. The majority of decision-making rights are indirect or direct.
3. At least one representative of the family or kin is formally involved in the governance of the firm.
4. Listed companies meet the definition of family enterprise if the person who established or acquired the firm (share capital) or their families or descendants possess 25 per cent of the decision-making rights mandated by their share capital.

While also taking into consideration the size of the business, where the EU commission have provided definitions for different sized enterprises, which can be seen in Table 1, in the appendix. Per this definition, a small-medium sized business has staff headcount of approximately 50-250, turnover € 10-50m and balance sheet total of € 10-43m (Growth, 2017).
2. Literature Review

The purpose of this chapter is to provide the theoretical background to thesis by describing the research areas: decision-making in family businesses, decision-making rationalities and family business internationalization. This theoretical framework will facilitate the process of analysing and making sense of the empirical material. The aim of this section is to present what previous research has been done in the relevant field and who the key authors of these fields are.

2.1 Decision-Making in Family Businesses

The term decision-making was brought into the business world in the mid-20th century by Chester Barnard in his book, The Functions of the Executive, from 1938. The introduction of this field lead to a joint effort among researchers to explore how decisions in businesses are made and by whom. The goal was to gain a better understanding about how the best decisions are made (Buchanan & O’Connell, 2006).

Goel et al., (2014) explain in their review of management in family firms, that several theorists (e.g., Chen & Hsu, 2009; Sharma, 2004; Habbershon & Pistrui, 2002; Daily & Dollinger, 1992) have aided in the process of making management in family businesses a specific and distinctive field. It is generally agreed among scholars in the field that the involvement of family members in businesses is what makes the family business entity unique (Chua et al., 1999). This is agreed upon even though scholars have difficulties coming up with a single definition of what a family business is. Chrisman et al. (2005) further argue that the definition is still open for debate but the component of involvement by family members in a business is converging. Chua et al. (1999) adds to their conclusion that the involvement by family members in a business is what makes the business entity unique but this involvement is a weak predictor of behaviour and thereby a weak predictor of decision making. If a definition could be stated there would still be, according to Chrisman et al. (2005) difficulties to conclude if family businesses are performing better or worse than their non-family peers. The difficulty in concluding this, according to the authors, lies in that the source of performance is hard to derive.

Goel et al. (2014) state that research studies within the field of family business are often revolved around questions about ownership and management, areas which has been
extensively studied during the last 20 years. However, Basco and Pérez Rodriguez (2011) state in their research that despite the fact that there have been extensive studies in the field, the current knowledge on how organizational attributes, and the combination of attributes, affect organizational outcomes and how the family involvement affect the business behaviour remains limited. This supports the findings by Chua et al. (1999) and Chrisman et al. (2005) stated above. Nordqvist et al. (2014) suggest that the understanding of how management mechanisms affect performance goals is limited even though the research in the field recognizes the diversity within family involvement in ownership and management among family businesses.

2.1.1 Family Involvement

Fernandez and Nieto (2005) conclude in their research that family owners often make decisions without interference from the non-family members within the business. Feltham et al. (2005) further argue in their research that the owner-manager in family businesses often act as the single-decision maker. This is supported by Kelly et al. (2000) who state that founders of the business have a central influence on the top management regarding strategic decisions. This is also supported by Duran et al. (2015) who in their study state that strategic decisions often are based on the family identity attributes of the business. Zellweger et al. (2013) support that argument and argue that family businesses are more likely to have a strong business identity which overlaps the family identity. However, Fiegener (2010) states that the ownership and family involvement relationship is unclear since researchers often fail to distinguish between family ownership, family management and owner-management in their studies.

Family involvement can be associated with both positive and negative outcomes and can be a resource as well as a liability. For example, Chua et al. (2011) explain that the sheer amount of involvement of the family in the business has an impact on when decision can be made. They explain that this is because family involvement increases the ability to obtain debt financing, which can be the key deciding factor in a decision. Chua et al. (2011) explain that the relationship between family involvement and ability to obtain debt financing comes from the family social capital, which can aid in the process of convincing lenders to invest or lend finances. Family businesses are further, more profitable over time and less likely to take on debt (Ffi.org, 2017; Westhead & Cowling, 1997).
Feltham et al. (2005) state that less family involvement in the board of directors, by having external, non-family board members, can provide beneficial effects for the business, such as higher norms, knowledge and cohesiveness. Peng and Jiang (2010) provide another potential benefit of less family involvement in the business, namely that a strong level of minority shareholder power can protect the business from potential family manipulation on the business behaviour. This possibility of family manipulation could be connected to the initial part of the segment, that the owner-manager act as the single-decision maker (Feltham et al., 2005) and without the interference of non-family members in the business (Fernandez & Nieto, 2005). Kontinen and Ojala (2010) highlight hiring managers from external sources as one possible way of to increase the knowledge about the internationalization process and thereby increasing the effectiveness.

Basco and Pérez Rodriguez (2011) divide the decision-making into family- and business oriented decisions depending on the underlying motivation and aims. The research continues with suggesting that the two orientations are visible in four different areas: board of directors, succession, human resources and strategic processes. Through their research within these four areas, they conclude that by aligning their decision orientation to the situation and combining the two orientations it is possible to maximize business performance.

2.2 Decision-Making Rationalities

To be able to understand the choice of decision orientation and how the decision-making process works in a family business, it is vital to understand the underlying reasons or the motivation of the people making the decisions. This involves both individual motivation and a common motivation shared by groups of people or by the company as a whole.

Family businesses are unique in their behaviour (Berrone et al., 2012), which is supported by Duran et al. (2015) who argue that family businesses express a unique focus on family-centred nonfinancial goals compared to other business entities. Other family business researchers, for example, Chrisman et al. (2005) and Sharma (2004) also support that the non-financial focus of family businesses is what makes the family business unique. Duran et al. (2015) continue with explaining that strategic decisions in family businesses are often based on the attributes of the family-identity, a concept shared by Chua et al. (1999) who adds that the non-financial focus comes from the decision-makers’ values and attitudes. Thus, resulting in the family’s motivation being the basis of strategic decisions in many cases.
Hall (2002) refers to family businesses’ strategies as irrational, based on this involvement and influence from the family as described above. However, Hall’s studies conclude that there are mixed rationalities within many family businesses and explains that being rational in decision-making is to be calculative and reach the goals in the most effective manner. This is supported by Chrisman et al. (2010) who state that the influence by the family on the decision-making process may cause the business to deviate from rational decision-making, namely opportunistic profit-maximizing behaviour. Lumpkin and Brigham (2011) refers to the strategy of family businesses as long-term focused, or long-term orientation, often referred to as LTO. The paper states that this LTO is often associated with family businesses throughout the field of family business. Furthermore, the findings of the research conducted by Lumpkin and Brigham (2011) validates this assumption; that family businesses have a higher LTO than non-family firms. Their findings further argue that the LTO derives from the importance of emotional values and social capital compared to financial goals in family businesses. In the research conducted by Lumpkin et al. (2010) it is suggested that LTO has a positive relationship with being innovative, proactive and self-reliant, and a negative relationship with risk taking and aggressiveness, which are all components of a company’s entrepreneurial orientation. Family firms could then be expected to be proactive and innovative in their internationalization process, while at the same time trying to minimize risk.

### 2.2.1 Socioemotional Wealth

The concept socioemotional wealth, or SEW, is found frequently within the family business literature. Berrone et al. (2012) explain SEW as the stock of affect-related value available to the firm. It is a frequently used concept and includes soft values available to the business, for example family control and influence, the binding of social ties and dynastic succession. Berrone et al. (2012) make the case that the focus on SEW is the feature that distinguish family businesses from other business forms and makes family businesses unique. According to the authors, this concept also explains why family businesses behave different from other firms and thereby directly affects the decision-making process. Berrone et al. (2010) support this concept by proving, in their study, that family controlled public businesses protect their SEW by having lower environmental impact and less pollution in their local environment than their non-family peers. Thus, family businesses seem to have a greater will to preserve their socioemotional wealth and their geographical local environment. Further, Cennamo et
al. (2012) found that family businesses are more motivated to take care of their stakeholders and in extension preserving and enhancing their socioemotional wealth. Deephouse and Jaskiewicz (2013) argue that family members identify themselves more strongly with their family firm than other non-family members do with their family/non-family firm. This therefore motivates family members to ensure that a good reputation of themselves and the firm is being kept. If a good reputation is being kept, not only does it make the family members feel good about themselves, but also increases the socioemotional wealth.

2.3 Family Business Internationalization

Internationalization is seen as a valuable strategy for the growth and the expansion of organizations. Even though this is a valuable strategy, little is known about the internationalization processes of family firms (Kontinen & Ojala, 2010; Graves & Thomas, 2008). Within the field of family business internationalization, there are several different definitions utilized by researchers. According to Melin and Nordqvist (2007) this has led to a hampered understanding of how family businesses create and develop internationalization strategies. This idea is supported by the research on the trends and directions in the development of a strategic management theory of the family firm conducted by Chrisman et al. (2005) as well. Hennart (2011) continues on the same track, stating in the research that the usage of diverse definitions of the term internationalization may cause difficulties in understanding how internationalization works. The result of the empirical findings may differ depending on what the authors choose to incorporate in the term internationalization. Zahra (2003) state that due to limited empirical material in the field, the knowledge and understanding of why family businesses internationalize is also limited. The quantitative research conducted by Zahra (2003) concludes that the relationship between family ownership and involvement in the business together with the interactions of the different parties are both significant and positive when it comes to family business internationalization. However, their research further argues that ownership is a strongly influential factor for all strategic choices of a business and not only internationalization.

Anderson and Gatignon (1986) suggest that family businesses are more sensitive to commitment, control and risk in their internationalization process compared to non-family businesses. One such risk could be threats of imitation and, contradictory to Anderson and Gatignon’s (1986) findings, Sirmon et al. (2008) suggest that family businesses with a high level of family influence or involvement is less likely to reduce investments in R&D and
internationalization due to such risks. The sensitivity to commitment, control and risk suggested by Anderson and Gatignon (1986) could however be connected to the findings in the research on family business internationalization conducted by Child et al. (2002), who state that there is a stepwise process involved where the business move from physically close to more distant. This supports the findings by Johansson and Vahlne (1977) who explains in their model, which is explained in detail in the next segment, that businesses generally have a gradually increasing internalization process. Zahra (2003) continues with explaining that the research suggests that the owner-managers of family business focus on certain internationalized markets with the aim of maximizing profits there instead of having a broad strategy where the business internationalize in several different areas or markets simultaneously. The stated approach by Zahra (2003) is in line with the Uppsala Internationalization Model (Kontinen & Ojala, 2010; Graves & Thomas, 2008).

Arrègle et al. (2012) state that the uniqueness of family businesses has the potentiality to either facilitate or impede strategic actions, such as internationalization. They continue with that minority shareholders may contribute with outside input that may facilitate the process of internationalization. In the research conducted in by Gallo and Sveen (1991), the authors concluded that an unwillingness to accept outside expertise is a major restricting factor in the internationalization process of a family business. They further argue that other major restricting factors may be underdeveloped control - and informational systems, together with the fear of losing control over the process. Followed by struggles when hiring managers with the focus and responsibility on internationalization. Fernandez and Nieto (2006) suggests that the ownership of the family business is of great importance when it comes to which internationalization strategy is chosen. The research on Spanish small to medium sized family businesses by Fernandez and Nieto (2005) suggests that there is a negative relationship between family owned and internationalization and a positive relationship between corporate owned and internationalization. This is also supported by the research conducted on the impact of ownership on international involvement of SMEs by Fernandez and Nieto (2006).
2.3.1 Internationalization Models

2.3.1.1 Uppsala Internationalization Model

Graves and Thomas (2008) uses the Uppsala Internationalization Model in their research regarding how family firms internationalize. The Uppsala model by Johansson and Vahlne (1977) states that firms gradually intensify their internationalization process by taking subsequently more committed steps in their internationalization process. The model describes that a company’s foreign trade might begin with a single order followed by regular international trade which later can be followed by more committed trade by foreign direct investments, FDI. The experience and knowledge gained from one internationalization then facilitates the next step of the firm’s internationalization process. Kontinen and Ojala (2010) describe the approach by explaining that family businesses are trying to maximize profits in a limited number of markets with lower risk rather than having an aggressive strategy where they pursue a wide range of markets in different areas and countries. The Uppsala internationalization model is important and of value due to its wide usage both by businesses and throughout the internationalization literature (Pukall & Calabrò, 2013). Kontinen and Ojala (2010) indicates that this model is the most followed one by family businesses. The Uppsala Internationalization Model can be seen graphically in Figure 1 below.

![Uppsala Internationalization Model](source: Adapted from Pais (2017))

**Figure 1** Uppsala Internationalization Model
A scenario as described by the Uppsala model would imply that an accumulation of knowledge and experience exists. Accumulation of international experience of human and relational capital is what Krica et al. (2012) found as the number one firm-level factor that affect a business multinationalism and probability for international success. A multinational firm is defined as a company that either has value-adding activities or employees outside the country of origin according to Hennart (2007). Experience from international trade is valuable, especially if the research of Hitt et al. (1997) and Sanders and Carpenter (1998) holds true. Namely, that it consumes more resources for a firm to compete across national borders than in the domestic market and that international markets near the country of origin consumes less resources than ones further away.

2.3.1.2 Internationalization Theories

The Uppsala Internationalization Model is, as stated before, the most known and used internationalization model (Kontinen & Ojala, 2010). There are however several other important and recognized international approaches within the literature and this segment will briefly explain some of them, namely: (1) economic, (2) network, (3) resource-based, (4) knowledge-based and (5) international new venture theory (Kontinen & Ojala, 2010; Mitgwe, 2006). These are all examples of different approaches that a business may take, but there are more approaches and combinations of approaches besides the ones mentioned above. In contrast to the Uppsala Internationalization Model where an organization is taking subsequently more committed steps, some of the following approaches can have more of a leapfrogged internationalization process where the business is internationalizing without taking it step by step or by learning by one’s prior experiences (Kontinen & Ojala, 2010; Graves & Thomas 2008).

**Economic Approach**

The economic approach involves an ineffective market in some extent that the internationalizing business is trying to take advantage of. For example, if a market has few competitors and high margins, the internationalizing business may expand to that market to take advantage of the low levels of competition. The internationalization organization would in this case identify and act on an opportunity in the foreign market (Caves, 1977).
Network Approach
The network approach is when a business is using their contacts and relationships with other actors within their network and taking advantage of certain resources that they can provide, for example knowledge or prior experiences, to facilitate their internationalization process. This would either give the internationalization business a competitive advantage or lower the cost or barriers of entry (Graves & Thomas 2004; Johanson & Mattsson, 1998).

Resource-Based Views
The resource-based views involve internal abilities within the internationalizing business. Abilities that help the business gain a competitive advantage or other forms of advantages that are sustainable and difficult to copy and could be of use in the international market. Examples of resource-based abilities could be knowledge about the foreign market or a well-developed distribution network (Westhead et al., 2001; Barney, 1991). The Uppsala Model is using the resource-based view in some extent since it is building on having the resource and knowledge about the foreign market (Graves & Thomas, 2008).

Knowledge-Based Views
Knowledge-based views is similarly to the resource-based view focused on internal abilities, but consists of competitive advantage gained by the internationalizing business through its organizational and technological capabilities or resources. This approach is thus focusing on the social capital and know-how that exists within the business rather than other forms of capital and resources (Kuivalainen et al., 2001; Penrose, 1995).

International New Venture Theory
International New Venture has grown in interest and usage in the latter years and the approach consists of an organization that gains competitive advantage in the international markets by using resources and sales from multiple places and countries (Oviatt & McDougall, 1994).

2.3.2 Entry Modes
Closely connected to the internationalization models presented above are the different entry modes used by companies that are in the process of internationalization. The entry mode defines how the company starts and develops their internationalization process. The chosen
approach defines the commitment in terms of resources, the pursued objectives, the order or timing of entrance and the level of collaboration involved in the internationalization process. It also defines the amount of risk, control and foreign presence that the business has. There are many types of entry modes but six common forms of entry modes; (1) exporting, (2) licensing, (3) international agents and international distributors, (4) strategic alliances, (5) subsidiary and acquisitions, and (6) joint ventures, will be explained briefly below (Hill, 2007; Dimitratos, 2004). Exporting exceeds the scope of this thesis since it, according to the research purpose, is not part of a strategic decisions and thereby not involved in the research question. It will therefore not be incorporated in the description below.

2.3.2.1 Licensing

Licensing is an umbrella term and includes licensing, franchising and contracts, both Turnkey and manufacturing. Licensing refers to a situation where the business charges a fee or a royalty for the permission to use the business’ knowledge, brand or technology (Root, 1994). Franchising includes a franchiser, who is providing a brand, knowledge or concept to a franchisee, who take part of this through a franchising fee. The control and management of the franchisee tends to be high since the brand needs to be protected (Bradley, 2005). Turnkey contracts refer to the construction of larger plants where knowledge and skills are sparse and the need for education or training is high. However, once the plant is created, the ownership is not transferred to the business. Lastly, manufacturing contracts is a form of outsourcing where the manufacturing company still have the responsibility for distribution and marketing (Root, 1994). This form of entry often results in somewhat high levels of commitment and low-medium levels of collaboration and control (Dimitratos, 2004).

2.3.2.2 International Agents and International Distributors

International agents or international distributors are both examples of contracts. The organization hires an international actor to either, or a combination of, market, sell, distribute or store the goods or services of the organization. The actor could either be solely contracted by one organization or have a portfolio of organizations. This approach offers low cost and commitment but also low control over outcomes (Root, 1994). The approach has low levels of commitment and control, but require somewhat higher levels of collaboration (Dimitratos, 2004).
2.3.2.3 Strategic Alliances

Strategic alliance is another umbrella term which refers to different relationships between actors that operate in international markets. Examples of such relationships are distribution alliances, marketing agreements, R&D agreements and shared manufacturing or transportation (Hill, 2007). This entry mode approach requires high levels of both commitment and collaboration, but the organization have relatively high levels of control (Dimitratos, 2004).

2.3.2.4 Subsidiary and Acquisitions

An international acquisition refers to the purchase of an already established company in a foreign market. The purchaser then has a foreign subsidiary which, unlike a joint-venture, the business solely own. This may avoid the need of sharing knowledge and collaborating with another company (Hill, 2007; Root, 1994). This choice of entry mode would result in high levels of commitment and control, and medium levels of collaboration (Dimitratos, 2004). An international acquisition would result in an international subsidiary for the purchasing company, but the organization could also create an international subsidiary in more ways. This is often referred to as Foreign Direct Investment, FDI, and may be done by starting a new business, plant or sales office in a foreign market (Hill, 2007; Root, 1994). Compared to an acquisition, an FDI would result in lower levels of collaboration (Dimitratos, 2004).

2.3.2.5 Joint Ventures

A Joint Venture refers to a relationship between two or more parties that own and manage a business venture together. This is an increasingly common approach and often utilized when the foreign market is difficult to expand in. The joint venture allows the actors to share, and thereby minimizing, risk and commitment of resources. However, this may increase transaction costs by resulting in a higher level of collaboration and exchange of information and knowledge by the different parties (Hill, 2007; Bradley, 2005). A joint venture approach to internationalization would result in high levels of both commitment, collaboration and control depending on the number of actors and how the partnership is set up (Dimitratos, 2004).
2.4 Summary

To conclude and summarize the literature review, the main topics and points can be seen in Figure 2 below. The decision-making process in family businesses is unique and it mainly comes down to family involvement, the factor that makes the family business entity unique in the first place. The owners often act as a single-decision maker and have high influence on the business.

The decision-making rationalities refers to the motivation, goals and strategies of the business. It is highly influenced by the values, views and opinions of the owner-family. It includes a strong focus on non-financial goals, a long term-orientation and irrational strategies since the main focus might not be to make financial gains. Socioemotional wealth affect-related values and family businesses tend to have a strong focus on maintaining high levels of SEW. Therefore, this is highly influential on the goals, strategies and decision-making processes of the business.

When it comes to internationalizing, family businesses tend to be more sensitive to commitment, control and risk. There is evidence of a negative relationship between family involvement and levels of internationalization and family businesses tend to be unwilling to accept external input or expertise. There are several internationalization models, where the Uppsala internationalization Model is the most known and used. It refers to a process where the business take subsequently more committed steps and learn from previous experiences when taking the next step. Other models may have more of a leapfrogged approach where the business take advantage of internal abilities or knowledge to gain a competitive advantage, e.g. the knowledge-based view where the business create a competitive advantage through its organizational and technological capabilities or resources. Entry modes refers to how the business starts and develops its internationalization process and defines the levels of commitment, risk and collaboration.

The topics above have been incorporated into the literature review to give a background to the decision-making process of family businesses and what factors that influence it the most. Moving through to what motivates the decisions that are being taken and how the business is setting up goals and strategies. The main field is then incorporated with the family business internationalization process, how it works, what makes it unique, and lastly what types of models and entry modes there are.
Figure 2  Literature Review Summary
3. Methodology

The purpose of this chapter is to provide the methodological approach of this thesis. The chapter includes an overview starting with explaining the choice of an interpretivist research philosophy, moving on to an abductive research approach, an in-depth single case study strategy, observations and semi structured interviews as methods and the techniques and procedures utilized within this chosen method, such as laddering. Thereafter the case and sample will be presented, followed by the data analysis and ethical considerations. The aim is to provide how the empirical data should be gathered, motivate the chosen approach and securing the credibility and trustworthiness of the material.

3.1 Research Philosophy

Since the purpose of this study is to explore the internationalization process in a family business, factors such as processes, roles, actors and places are relevant to take into account since it can affect the outcome of the internationalization process. Due to these aspects, the research will be conducted within the interpretivist philosophy, which allows for the existence of multiple social realities, similar to the social constructivism philosophy (Easterby-Smith et al., 2015; Orlikowski & Baroudi, 1991). This could potentially result in different answers from different respondents with everything else remaining the same. Allowing multiple social realities grant the research the possibility to investigate how the respondents subjectively perceive their own role within the process. By having this philosophy, the research can be explorative in its nature. It will also enable an analysis of the empirical material from different point of views (Orlikowski & Baroudi, 1991).

3.2 Research Approach

The thesis will make use of an abductive research approach. This is an approach commonly combined with an interpretivist philosophy (Dubois & Gadde, 2002). The abductive approach is partly inductive and partly deductive. This is due to that it requires pre-knowledge of the theories that already exist, which the deductive approach also includes. The abductive approach is similar to the inductive approach in the way that it breaks new ground within the field of research and that it allows for new theories and angles of analysis (Van Maanen et al., 2007). The choice of the abductive approach will be apparent in the research
since the starting point of the work is the existing literature on the subject. The research will then continue with collecting empirical data and analysing it while matching it to existing literature and thereafter coming up with an analysis.

The choice of conducting an exploratory study is partially based on the choice of investigating a small family business. Since the field is under-researched, as stated by several scholars (Nordqvist et al., 2014; Chrisman et al., 2005), the aim of this thesis is to come up with new findings in this field. In such a setting, the choice of an exploratory study is beneficial since it provides the research with a detailed and clear understanding of what small family businesses do when they internationalize. An exploratory research approach is also especially suitable when researching small businesses since most researches focus on proving and creating theory instead of exploring or testing the theory in practice (Shaw, 1999; Churchill & Lewis, 1986).

### 3.3 Research Strategy

The research strategy for this thesis is a qualitative single case study. The reasoning behind this is to be able to gather sufficient, in depth, empirical material in order to fully understand the internationalization process together with relevant factors. This strategy allows for collection of in depth material about the processes and everyday interactions between actors in a family business (Easterby-Smith et al., 2015). As suggested by Kontinen and Ojala (2010), the field of family business internationalization is an under-researched area with limited understanding and knowledge of how family businesses internationalize. There is therefore a need for exploring sufficiently in depth to reach this understanding. As stated by Goel et al. (2014), the research field of management in small family businesses is also narrow and only the foundation is laid regarding knowledge and understanding. Therefore, there is a need to go more in depth to be able to further explore and understand management aspects within family businesses. These research suggestions further argue for the usage of a qualitative method.

The chosen strategy is connected to both the research philosophy and the research approach. It is important to have an interpretivist philosophy as a foundation and an abductive approach according to Dubois & Gadde (2002). Another argument for having a single case study and a qualitative method is because the aim of the research is to go more in depth than most existing research in the field. A single case study, compared to other qualitative research
methods, lets the paper get such a perspective (Zainal, 2007). Together with the choice of doing semi-structured interviews, this is the preferable choice of doing this research (Easterby-Smith et al., 2015).

The focus of the case will primarily be on the chosen company and on its strategic actions and actors within the internationalization process. To be able to identify similarities and differences within the process the case will have three embedded cases. These embedded cases will portray different ways of how and why the company has acted differently in different situations and with different circumstances. The differences between the cases is for example chosen entry mode, reason behind entry, actors within the process and country/region of entry. Within these embedded cases the thesis will get an opportunity to compare theory with practice in multiple circumstances while still researching the same company.

The company was selected as the case company due to several factors. To begin with, the company qualifies as a SME family business and has several internationalization processes, which suits the scope for this thesis and as a basis for comparison. It has also existed during a long time and has during this time used different ways of conducting their internationalization process which may provide rich in depth material and thus will make up a solid ground for an analysis and comparison.

A quantitative approach with a survey or a qualitative approach with multiple case study as data gathering tools could have been chosen instead of the single case study. The reason for not choosing those alternatives is due to the lack of in depth analysis that the survey provides. Also, a multiple case study would not, within the time frame of this research, make it possible to get an understanding of the soft values that interact within the case studied.

### 3.4 Data Collection Method

The method chosen, in order to conduct the research and provide the empirical data within the case study, will be semi-structured interviews. The data will thereby be of a qualitative sort, which is in line with an interpretivist philosophy, abductive approach and a single case study strategy (Cavaye, 1996). Interviews allows for the expression of different views and opinions by the interviewees, an important factor which can be connected back to the interpretivist philosophy where multiple social realities exist. It also allows for rich, in depth data where follow-up questions could be utilized to reach data saturation in all relevant areas.
This can be used together with an exploratory approach, where the interview can be initially broad with general areas and topics and later moving into more specific and in depth areas where variables and factors are explored (Easterby-Smith et al., 2015; Flick 2014).

Semi-structured interviews will be utilized since the method allows for open ended questions that could give rise to unexpected answers that structured interviews perhaps could not. By using open questions and laddering, meaning that we can follow up answers from participants with other questions than those prepared, it is also less likely that the interview miss essential information compared to having only predetermined questions (Zorn, 2010; Reynolds & Gutman, 1988). Semi-structure therefore allows for a more exploratory approach, where the theory is not always present to begin with, but rather developed during the process. It is often used in both the earlier and later stages of an exploratory process where the aim is to get a descriptive overview over the case (Easterby-Smith et al., 2015). Other benefits with semi-structure interviews are that interviewees are free to answer in their own way, it provides rich material which is still comparable and still allows for preparations to be made beforehand (Zorn, 2010). The latter is useful since the researchers can prepare with literature, background and fundamental questions. This will facilitate the laddering process and for a more professional and qualified interview. Since the aim is to gather in depth qualitative material, a qualified interview is vital in order to meet this goal (Hesse-Biber & Leavy, 2010).

3.4.1 Techniques and Procedures

During the semi-structured interviews an approach known as laddering will be used. The laddering questions are not prepared before the interview but are used as follow up questions with the aim at creating a more thorough and deeper understanding of the subject discussed. The purpose behind this technique is to have open questions that allow for individual and non-guided answers, together with an aim to reach saturation by asking questions until everything relevant is explored and no new insights emerges in the interviews (Reynolds & Gutman, 1988).

All interviews are to be done in person to be able to observe and include non-verbal communication as a step in achieving a credible and trustworthy data gathering process. Face-to-face communication will also facilitate the interview process and ensuring rich data. Two interviewers will be conducting the interviews and will be present at every occasion.
Both interviewers conducting the interview will have separate protocols with notes and comments, with the addition of recordings of the interviews. The protocols will be checked immediately after the interview to fill any potential gaps or blanks. These protocols will also be compared to minimize the risk of interviewer biases and to increase the trustworthiness and the credibility of the gathered material. This is an important step in having objective data in a strongly qualitative process (Easterby-Smith et al., 2015; Zorn, 2010).

3.4.2 Research Sample

Table 2 below, shows the names, positions and the interview time of the research sample. All people have been given code names to secure the privacy of interviewees. The research sample consists of the management team which all have been involved in the internationalization process in some way. Since they all have been involved in the internationalization process and since they are in positions to make strategic decisions, or have influence on the decision makers, they have been included in the sample. The sample also provides members from the owner family and non-members from the owner family which gives different viewpoints and angles to the research. Family belonging is also visible in Table 2 below. A further advantage with this sample is that some of the participants have worked within the company for decades, they can thereby contribute with insights like comparisons between past and present. At the same, the participants that are new within the company can contribute with forward looking statements and an evaluation of how past mistakes has been dealt with to not repeat again in the present.
Apart from the interviews with the specific actors, other ways of data gathering have also been used. As presented in Table 3, both observations and an extensive background interview has been made. From the observations, soft values have been observed which have not been obvious in the specific interviews. More soft values and cultural dimensions were also retrieved from the background interview where parts of the management team where interviewed about the history of the company. Summing up the total data gathering time gives close to 15 hours of material, which is consistent with the aim of the research.

### Table 3 Observations & Additional Material

<table>
<thead>
<tr>
<th>Type</th>
<th>Minutes</th>
</tr>
</thead>
<tbody>
<tr>
<td>Background check</td>
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</tr>
<tr>
<td>Observation occasion 1</td>
<td>65</td>
</tr>
<tr>
<td>Observation occasion 2</td>
<td>55</td>
</tr>
<tr>
<td>Observation occasion 3</td>
<td>45</td>
</tr>
</tbody>
</table>

### 3.5 Data Analysis

After conducting the data gathering, namely the semi structured interviews and the observations, the data will be processed and analysed. The process of analysing the data will contain several steps. To begin with after every interview, the data will be gone through and the notes taken will be structured and discussed by the authors. Discussing the notes ensures the credibility and controls that the notes mediate a true picture of what the interviewee was
saying and that nothing in the interview is distorted. The same procedure will be performed with all data and notes from interviews.

When the entire data-gathering-process has been finished, all notes from the respective interviews will be compared. This comparison allows findings of both similarities and differences between the interviews which aims at creating a true picture of the reality and also a deepened and better understanding of the case. Following the comparison, the material will be coded, the coding will be inspired by a grounded approach. In the coding phase, themes and key words will be found in order to compile the material further (Saldàna, 2013). The thesis has three sub research questions which will be used as themes within the coding process. An example of the coding process could be where one interviewee is talking about factors influencing internationalization, then the factors and the meaning of those factors will be coded under sub research question number three: What are the key motivators for a family business to internationalize. When the coding process is finished, it will be followed by a re-coding process. The re-coding process provides an opportunity to go through the material one more time and make sure nothing has been left out. The final step in the data analysis will be the reflection phase which will secure that all the material has been coded correctly and that the interpretation of the interviews has not been distorted or wrongly interpreted.

3.6 Ethical Considerations

In all elements of research, ethical considerations must be taken. This goes for all types of research, quantitative as well as qualitative. Since this paper uses a qualitative method, frequent interactions with research participants will be made. Therefore, an ethically sound approach is important. Ethical considerations should not only focus on interactions with research participants, it has a broader use than that. The behaviour of the authors is also governed by ethics. Bell and Bryman (2007) compiles 10 key principles in research ethics which is listed below in Table 4. These 10 key principles will be guiding principles when this paper is written.
In order to follow these 10 key principles several measures have been taken. All interviews have been permitted and participants have been asked if they wanted to participate. The participants have also been informed about the purpose of the research, affiliations and possible conflicts of interest. They have also been informed about their right to at any time withdraw from an interview and from the sample. Anonymity, confidentiality and privacy of the participants and the research material have been secured by changing the names of the participants and the company in the paper and by not transferring research material to third parties without changing the names. Permission to record the interviews have also been asked to all participants before every interview. Finally, in order to secure true reporting of research findings all participants will be able to take part of the final research before it is published.

<table>
<thead>
<tr>
<th>Table 4</th>
<th>10 key Ethical Principles</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Ensuring no harm comes to participants.</td>
</tr>
<tr>
<td>2</td>
<td>Respecting the dignity of research participants.</td>
</tr>
<tr>
<td>3</td>
<td>Ensuring a fully informed consent of research participants.</td>
</tr>
<tr>
<td>4</td>
<td>Protecting the privacy of research participants.</td>
</tr>
<tr>
<td>5</td>
<td>Ensuring the confidentiality of research data.</td>
</tr>
<tr>
<td>6</td>
<td>Protecting the anonymity of individuals or organizations.</td>
</tr>
<tr>
<td>7</td>
<td>Avoiding deception about the nature or aims of the research.</td>
</tr>
<tr>
<td>8</td>
<td>Declarations of affiliations, funding sources and conflicts of interest.</td>
</tr>
<tr>
<td>9</td>
<td>Honesty and transparency in communicating about the research.</td>
</tr>
<tr>
<td>10</td>
<td>Avoidance of any misleading or false reporting of research findings.</td>
</tr>
</tbody>
</table>
4. Empirical Material

The purpose of this chapter is to provide all the relevant empirical material which has been gathered during the interviews and observations with the case study company. The chapter has been divided into two segments, starting with an extensive description of the history, structure, actors, values and interaction of the company which is influencing the internationalization process. The second segment consists of a short summary of the historical internationalization process which the company has gone through. It is followed by the description of the four embedded cases; Serbia, China / Hong Kong, Bosnia and Germany. The aim of this chapter is to give sufficient information for the following analysis and in order to answer the provided research question.

4.1 Case Description

4.1.1 History
The company in which this single case study will be conducted, from now on referred to as “the company”, started its production in 1935 in a small town in the province of Småland. In the beginning, the business was solely directed at production of simple metal springs. Later on, in the company’s history, during the 1960’s, the springs produced became more advanced and complex. The company also started to produce other products like electrodes for electric filters which now is part of an own division within the company. As the sophistication of the products has increased, so has the entire company. Starting with a single founder in 1935 to having around 100 employees in 2017, the company has grown multiple times. Not only has the number of employees increased, the skill and knowledge of these employees has also increased. Today most machines are fully automated which is a substantial difference compared with in the 1990’s.

4.1.2 Owner Structure
The company was founded in 1935 and the founder, Joel, operated the business on his own until the end of the 1960’s when his four children became partners. Joel had a background in building machines and tools and was highly skilled at the technical aspects of the business. He was also highly entrepreneurial, starting with two empty hands and worked hard to achieve and create what he later left to his children. Joel’s children Olof, Peter, Lars and Sarah succeeded Olof as the second generation of family owners. Apart from being partners, the siblings were raised within the organization and later held different positions within the
organisation. They were managing different departments of the company, such as financial, production and sales. Around the year of 2002 a third generation was about to succeed their parents. Olof’s son Johan and Sarah’s son Carl showed interest in carry on the business. The deciding factor was, according to Johan, that “Me and Carl have very different personalities, but we feel that we share the same basic principles”. Therefore, they initiated a process of taking over the company in 2002 which took around 10 years to finish. Previous owners and other stakeholders were bought out, and today, Johan and Carl are the two sole owners of the company with an ownership share of 51% and 49% respectively. No other stakeholders are in possession of any leverage in term of decision-making power through ownership.

4.1.3 Industry and Environment

Today, the company is a manufacturing subcontractor in the business field of producing mainly small metal detail solutions, such as springs, which are incorporated by their customers into finished products. The company has three main branches or business areas in which they operate, namely springs, environment and engineering. Springs refers to a wide range of spring solutions, environment refers to mainly emitting electrode but also bag cages and spiral designs and lastly, engineering refers to spring technology and resource engineering solutions based on customer needs. The business idea revolves around coming up with customer based solutions for construction and production of products. However, the business has been broadened by incorporating spring technology (engineering) and offering solutions for cleaning combustion gas (environment).

The customer base is diverse but mainly composed of larger manufacturing companies who supplies end consumers, both in Sweden but also around the world, where many of them are included in the largest holding businesses in the world. The company is operating in a small town in the Western parts of the Swedish province Småland, where it has been an active actor for over 80 years. The connection with the town is of high importance, since it according to the current CEO, Johan, “is not only acting as a base for recruitment but is also closely connected to the brand of the company.” He expresses that the soul of the company is coming from, and is a part of, the town where it is located. “The goal is to have a vivid community with high living standards in the form of health-care, education etc. It is a connection between recruitment and community responsibility.” He continues with expressing that advertising and promoting the progress and well-being of the town is often one of his most important hidden motives while working as a CEO and co-owner.
The supplier base is both local and global, where machines, tools and raw materials are imported from across the world based on high demands of quality. The local environment is used in a great extent, where a large number of smaller suppliers and post-processes companies are situated. These companies are used when possible to ensure low transportation costs, high quality and high control. Besides importing and exporting from across the world, the company has grown in the latter years, expanding its business outside of Sweden, in Serbia, Shenzhen, Shanghai, Bosnia and with sales agents in Norway, Slovenia and Romania. With this mixed presence, the company feel that they are able to offer unique and complex solutions to customers based on distance, production costs/speed and production complexity.

4.1.4 Organizational Structure

The company currently has 84 employees in Sweden and a simplified summary of the top-level management can be seen in the organizational chart in Figure 3 below. However, in practice the organizational chart and the connections between them is somewhat more complex and includes several actors in formal and informal roles and positions. Besides, the owners are involved in all roles and positions from time to time. An overview over the foreign organization structure can be seen in Table 5 below.

The top management in the company includes 8 managers in different positions together with four people in a production management team, which can be seen in Figure 3, below. Starting with Johan, the CEO and co-owner at the top continued by Carl with the combined position of vice president and operational manager and second co-owner. Under the CEO there is the sales manager Fredrik, the CFO Sarah, the human resource manager Rebecka, quality manager Maria and IT manager David. Under the Vice president/operational manager there is the production management team and the purchase manager Peter. The management team mainly consists of these 8 individuals with the addition of 4 production managers, with frequent meetings regarding operations and strategy. The CEO of the Bosnian subsidiary, Adam, is not formally part of the Swedish management team but holds a management position within the Swedish branch as well and is part of several strategic meetings. Besides him, the vice president is informally considered CEO of the subsidiaries in both Bosnia and Serbia while the CEO in Sweden is CEO of the Asian division and the group.
The board of directors consists of 5 members, with the two present owners, the two previous owners and an external chairman. The external chairman’s job is to balance the decision-making power and give an objective view on strategic decisions to avoid issues to arise from the owner-family having great deal of influence on the strategic decisions.

The family members can also be seen in figure 3, and as evident from this figure, family members to the current and previous owners possess a majority of the management positions in the company. As seen in the figure, this includes the CEO, Vice president/operational manager, CFO, logistics manager, quality manager, and human resource manager. The family also hold the four main positions in the board of directors with the fifth and final chair is being hold by an external chairman. Three of these, the CEO, Vice president and CFO, are currently employed in the business while the fourth is retired from active employment. Besides having a position in the board, he is active in certain projects and in the day-to-day operations when needed or asked.

Figure 3  Organizational Chart
4.1.5 Actors

Internal actors are actors that are part of the company. One actor can possess several formal positions simultaneously within the company meanwhile other actors possess and act only within one role or position at once. The internal actors can be found within different groups like employees, owners, family/non-family members or board members. They can also be found working in different settings or within different parts of the organization, both domestic and abroad. What is in common for all actors is that they have their own personality, their own will and their own agenda.

Johan and Carl, the two current owners of the firm act within several roles. They have different backgrounds when speaking of education and working-life experience but they are similar when it comes to family background and as owners of the company. Johan has a university degree within business while Carl has learned more or less everything about the operations of production at the company on his own. In their daily work, they act as owners as well as CEO and COO. In the interviews, they both claim that their respective backgrounds and knowledge complement each other. “Apart from the shared vision of the company, what make us work together is that we are interested and specialized in different parts of the organization” is a statement from the CEO upon how the owners divide their work and roles. In his role as CEO, Johan is more into handling external actors, while Carl, in his role as COO, handles more of the internal actors. When it comes to decision making, they as owners, feel that they get a good picture of the entire company and the needs since they together have broad knowledge of opportunities and issues both near and far. Their respective knowledge and

Table 5 Foreign Organizational Structure

<table>
<thead>
<tr>
<th></th>
<th>Serbia</th>
<th>Bosnia</th>
<th>China / Hong Kong</th>
<th>Sales Agents</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>• 18 Employees</td>
<td>• 7 Employees</td>
<td>• 4 Employees</td>
<td>• Romania</td>
</tr>
<tr>
<td></td>
<td>• Assembly outsourced</td>
<td>• Assembly outsourced</td>
<td>• Production outsourced</td>
<td>• Slovenia</td>
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<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td>• Norway</td>
</tr>
</tbody>
</table>

sales agents
roles within the company can also be seen when it comes to how they structure the division of labour of the international commitments.

As mentioned above, Johan and Carl are the two owners of the company. Besides acting as CEO and COO they are also part of the board. The board makes decisions regarding strategic operations and sets the goals, strategies and ambitions for the company to follow. It is described in the interviews with the owners that much of the foundation of the goals and strategic plans at the company are drawn up by Johan and Carl with input from internal and external actors. These are later approved by the board. Carl points out that the board often acts as an instance of approval rather than an origin of ideas. “Since the board room is constituted by the same people as the strategic decision makers, the decision by the board is often only of formal character.”

Sarah and Olof, who both are part of the board and former owners are two additional internal actors. Sarah is also employed as CFO of the company while Olof is retired since a couple of years after being the CEO for a long time. Just like Johan and Carl, they are both different and alike in some aspects. Both are part of the owner family but they have gone different ways in order to end up as owners of the company. Sarah were early in her career employed at a bank and was not involved in the operations of the company more than being a co-owner. After years at the bank she got involved in the financial work of the company acting as the CFO. Olof had then already been involved in the business a long time, both as owner and within different positions ending up as CEO. They complemented each other much like their successors as Olof were responsible for production and productional know-how, while Sarah contributed with experience from business and contacts with external actors, such as banks and the government. The division of labour concerning the handling of external and internal actors was not that distinct or clear during Sarah and Olof’s time as it is today.

Even though the company is a family owned company there are many actors within the organization that is not related to the owner-family. Actually, the majority of the employees are not members of the owner family. One of these employees is Adam, who got in contact with the company since he knew Carl through football. He previously owned a company, through which he performed distributional contracts for the case company. Due to this, he got in touch with the company and was hired as a factotum. “We knew each other from playing football and we had a personal relationship and a feeling of trust.” He is currently the CEO of the Bosnian subsidiary after being involved in launching that facility and managing that
internationalization process. He possesses Bosnian language skills and cultural experience since he was born there. Furthermore, in Bosnia, a foreigner cannot be both the owner and the CEO of a company located in the country, it was therefore a suitable position for Adam instead of having Carl, as in Serbia.

Another important internal actor, with no family ties to the owners, is Fredrik. He also had connections to Carl through football before joining the company. He started his present career within the company as Key Account Manager but is currently Head of Marketing and Sales. Both Adam and Fredrik has been, and are, involved in the work with internationalization and functions as sources of information and expertise.

4.1.6 Basic Principles

The values of the owner-family, the top managers and the company are of great importance to the whole organization. They affect what goals and visions the company have, together with how they should be achieved. They are thereby influencing, not only the strategic decisions such as the internationalization process, but the whole decision making process of the organization. The current and previous owners differ a lot in terms of personality and interests. However, their heritage and the shared values are what brought them together as successors and it is what keeps them and the company running still. Even though this is the case, the main actors have somewhat different focus on certain elements of the value proposition, which will be presented below. This will be followed by an overview of the organizational culture which has evolved from the basic principles within the company.

The CEO, Johan, was asked to summarize the main points of these basic principles that guides them and the company in their strategic decisions and within the internationalization process. First and foremost, none of the current or previous owners stated that they were managing or owning the business with the aim of financial gain. As stated by the CEO, “that would not have been very fun and you get too emotionally invested into the business to solely focus on making money”. He continues with the importance of decisions and the role of the leaders. “It is crucial that someone is in charge and able to make a final decision, even if this decision turns out to be bad, someone needs to be able to take action.” He further explains that the company should be associated with positive things, that the socioemotional wealth and the brand image of the company is very important. For example, they do not want to have bankruptcy associated with their company and therefore, they once choose to liquidate an old Swedish subsidiary slowly to make sure
that the process was handled in the best possible way. "A bankruptcy would have been both quicker and cheaper but it is not the right way to do it."

Origin and the heritage is also important, as explain in the previous section, the connection to the town and its inhabitants are cherished with an aim of constantly improving the community. The CEO, Johan, further explains the focus on the long-term orientation, "we are closing the books for a generation rather than for a month". They are focusing on the long-term effects and the goal for the owners lies in 25 years when they are retiring and passing on the business to the next generation. The goals are to have a successful company to hand over to the next generation and to teach and educate them for another generational shift. "We want to stay in this area and prosper here, we believe and want to invest into a future here." This is further connected to the previous section about the connection between the company and the town where it operates.

When discussing the basic principles with the second owner, Carl is focusing on different key points but with similar core principles, such as creating work for his family and for the community as a whole. He expresses concern regarding the lack and decline of available work opportunities and wish to preserve a workplace in the community and thereby being able to offer people employment. "A personal goal with running the company is that my children shall have the opportunity to have somewhere to work when they grow up." This is also the aim in the internationalization process. By expanding abroad, the company at home can flourish and remain even though times are changing. He also expresses a wish to share the Swedish culture and way of doing business to their counterparts abroad. As explained by Adam, by moving production abroad they did not lose jobs at home. "People seldom understand that the jobs that disappeared were already lost in Sweden and was only managed to be saved by moving them abroad where it was still feasible to operate in that way." By saving the jobs and investing abroad, the company in Sweden can remain and prosper.

In the interview with the previous owner and current CFO, Sarah, she indicates a stronger focus on being there for the employees and the community. The company and top managers should act as a family for those that have none and everyone should feel that they belong there. She points out that even people that are not considered fully performing members of the community should have a place at the company. However, she expresses that this is becoming more and more difficult but should remain natural. She wants the community to be able to trust them and the company, that they are there and that they will help if they can.
“We haven’t been running a business here for over 80 years if we wanted to make quick and easy money.” She continues with the explaining that working in a small family business means that you get emotionally attached, which makes every decision difficult, especially in financial hardship. “It’s not Saturday or Sunday for me, working in this company is not work, it is a lifestyle.” This statement expresses that decision-making extends beyond the boundaries of the workplace and into the private life. “The disadvantage with a family business is that it is difficult to separate the person and the company, this is especially difficult in times of financial hardship or employee problems.” This is also something that they wish to implement in their subsidiaries abroad. To bring something to those communities in which they operate and to stay there long-term and create trust and a relationship with them. To be able to achieve this, she points to presence as the single most important factor. The owners feel that being present and there for the employees is crucial, both at home but also in the other companies abroad.

In the interview with the previous owner and CEO, Olof, he indicates a stronger focus on the will and ability to create, develop and grow, somewhat reflected in his technical background. “Dad started with two empty hands and worked his way forward, he dared to put everything on the line.” He explains that it is about trusting people in the community and trust people in general, something that the whole family has been brought up with. Both regarding employees but also in terms of agreements and deals with other businesses or people. “You should be able to trust a handshake, that what you say is true. We want to be a reliable supplier in a relatively complex market. Trust that we are doing our best, both to be effective in production but also doing the right things.” The spirit of the company is about trust and the will of moving forward; to develop skills, techniques and talents. “It’s important to develop and always push forward.” When asked about what the main goal is with managing the company, Olof answered, “It is not money that is important, it is not a goal but a mean. The most important thing is to be able to sleep well at night knowing that you are doing something meaningful.” He also expresses a will to educate others and spread knowledge about both the business and their core competences. The wish to educate others is clearly visible in his creation of a supplier school where suppliers are taught about the production. “It is difficult to convince people, it is easier to educated them so that they may understand themselves.”

Adam, who is CEO for the subsidiary in Bosnia while still working in Sweden, showed a greater focus on the situation abroad during his interview. The goal, for both him and for the company as a whole, is to help people in the area in Bosnia by offering a secure and fair employment. “The main reason for why I took this opportunity was to be able to help the people of the
local community”. Much of the values, rules, working hours and standards, to name a few, have been transferred and implemented in the workplace in Bosnia, which is something that has led to the business being very popular, with a lot of people looking for job on a daily basis. The goal for the company is not financial, but rather a solution to a problem and the possibility to help people in the area. They are therefore invested in the long-term, as expressed by Adam, “We are determent to remain in this community regardless of what happens, just like in Sweden”.

From the interview with the sales manager, Fredrik explains that the values of the company are something that is fought hard for during a long time. “The company wants to highlight that they are participators and not spectators in the world.” They want to be a company that is firmly rooted in the local community but still an active and responsible participator in the world as a whole. One of the main motivators is according to Fredrik, to manage and carry on the legacy of the family and eventually be able to pass it on to the next generation. The aim is to be a family-owned company and to remain that way in the future. The company is also very allowing in their approach, they allow people to be different and to be themselves. This is something he believes to be important within his department since the different personalities complements each other and allows for good work environment. “You should not force people to think or act alike.”

He links the basic principles to the business idea, which in short is, to be very competent manufacturers but also competent within the construction branch in order to be able to offer what they refer to as the spring package. They want the customers to view them as the natural choice, both in the term of new and existing solutions. They also want to help their customers in the construction of better working products and the manufacturing of springs. As a supplier, they want to be considered as a curious actor who wants to develop and move forward. The company has been there for 82 years and are proud of their history and local connection but still wishes to move forward and dare to grow as a company and as individuals.
4.1.7 Organisational Culture

From the basics principles that the owner family has incorporated into the business throughout the years, the business culture has been influenced to a great extent. However, the business culture is also influenced to a great extent by the workers and their values, attitudes and views. It is evident when examining the company that being present is something important throughout the company, it has become something natural and part of the company itself. "Managers should and must be present and active in their role with all internal stakeholders. Not only present in terms of being at the workplace in person, but also present in terms of being there for each other and having time to listen and talk.\," as expressed by Carl. This is also evident when hiring and employing people. The company shows a lot of trust and allows people to take great responsibilities within their roles and the possibility to develop and learn, which is something brought in from the values of the owner family. Another aspect is the emotional attachment, the values of the family has influenced the organizational culture together with the fact that the company is a small, local family business. This results in a mixture of the personal and professional boundaries at the workplace together with a stronger focus on emotional values compared to rational values. This is evident in the internationalization process and within the decision-making process throughout the organization. The views, feeling and ideas of people are often valued higher than those of financial, rational or practical background.

A strong part of the organizational culture is the freedom and permission to act on openings and opportunities discovered by employees. This is seen in the discussion with a previous owner where he focused on the importance of developing an interest in that which is new or different. If an employee find a solution to a problem or a new opportunity, the organizational culture guides them into acting and thereby granting them a lot of freedom and responsibility. This is then combined with the previous statement with open discussions with the suitable manager. Derived from the small and open environment of the business is the fact that a lot of decisions are made informally with open discussion across functions and positions. People are free in their roles and not afraid of talking about anything with anyone, even top management. This is also in line with the importance of taking action and a final decision. "This would not be possible if you had to check every decision with your manager or with the owner\" one owner says.
4.1.8 Decision-Making Process

The interaction between the different actors take different directions depending on the type of actors and the situation at hand. Generally, within the company the interaction is informal to a great extent with a strong focus on personal communication with open talks and discussions. The top management have great freedom in their roles to take actions, make decisions and seize opportunities. This is mixed together with the informal climate in the company where information is spread and gathered through meetings at each other’s offices, during dinner or at the coffee table were discussions and talks about work are frequently exchanged. Ideas that lead up to strategic decisions are often originated from informal discussions among employees and owner. “We often discuss very informally and have small-talks when ideas of strategic decisions come up”, Carl states. The formal strategic decision is thereafter often made by top management in formal meetings and later distributed to the entire company through email or verbally. The foundation of this, often informal, decision making process is the culture and basic principles of the company. There is a large emphasis on trust in the culture which allows informal, and often unusual, ideas, discussions and solutions to take place.

Since top management and employees in general are given much freedom within their roles, the decisions are often made individually with the complement of discussions, followed by a more formal approval if needed. When it comes to strategic decisions, the actors often discuss the decision more than operational ones. If it is a strategic decision, which the owner takes themselves, then they discuss among themselves and make a decision which is then made formally in the boardroom following the correct principles and documentation. This is connected to the values which states that decisions should be able to be made fast and steady without hesitation and delay. In these cases, information is given after the decision is made rather than presenting a situation and the potential outcomes beforehand. Often though, internal actors are used as sources of information within their respective fields and are therefore often aware of upcoming strategic decisions. Most upcoming strategic decisions are often well-known among us non-owners since we have been involved in the discussions leading to the decision”, Fredrik states. It has not been like this all the time within the company though. In an interview with Olof he states that is much more of a dialog today, with more people involved, than it was when he was CEO. Historically he came up with an idea, made a decision and informed the employees. “That is very different today”, he ends.
4.2 Internationalization Process

4.2.1 Historical Overview

The internationalization process of the company started a long time ago with a business trip to Holland in the early 80’s. The purpose of the business trip was to attend a sub-contractor. At the fair Olof and Peter got in contact with a large copier company which at the time were one of the largest copier companies in the world. The copier company had a production facility in Holland to where the two brothers were invited. During the visit, the copier company showed their visitors how their quality procedure functioned with employees who by hand examined the products. Peter and Olof though, already had a system for quality checks which was automated and more reliable. When the copier company heard about this they were impressed and wanted to learn more about the system. Therefore, the next business trip for the brothers went to Canada where the copier company had their main operation. In Canada, the quality system was presented in detail, once again they were impressed. Even impressed enough that they offered the company to start producing springs for them. Due to several trade-barriers the brothers decided to set up a new factory in Canada instead of exporting from Sweden. They got in contact with a couple of people who had knowledge within spring production in Canada. These people also had machines for production and were willing to make some investments in a new site together with funding from the company. Thereby, the first international move by the company had been accomplished. After some time in Canada the rumour about the quality springs had spread and Chevrolet started buying springs from the company. Short thereafter the brothers chose to sell their part of the business and focused more on their Swedish facility. The Canadian spring company later grew into becoming the largest manufacturer of springs in Canada. With some acquired knowledge of international trade from the Canadian experience, Olof started to trade with second-hand machines that was bankrupt estate from competitors. Some of these machines were sold to different parts of the world and some machines were kept within the company for production usage. An overview over the milestones in the internationalization process can be seen in Table 6 below.
Table 6  Timeline Over the Internationalization Milestones

<table>
<thead>
<tr>
<th>Internationalization Process</th>
<th>Canada</th>
<th>Serbia</th>
<th>China / Hong Kong</th>
<th>Bosnia</th>
<th>Germany</th>
</tr>
</thead>
<tbody>
<tr>
<td>Starting year</td>
<td>80's</td>
<td>2004</td>
<td>2007</td>
<td>2010</td>
<td>2017</td>
</tr>
<tr>
<td>Main Actors</td>
<td>Olof</td>
<td>Carl</td>
<td>Johan</td>
<td>Adam &amp; Carl</td>
<td>Fredrik &amp; Johan</td>
</tr>
<tr>
<td>Main Motivator</td>
<td>Learning Experience</td>
<td>Customer Pressure</td>
<td>Customer Pressure</td>
<td>Trade Partnership &amp; Subsidiary</td>
<td>Concern for the Community</td>
</tr>
<tr>
<td>Internationalization Approach</td>
<td>Joint-Venture</td>
<td>Subsidiary</td>
<td>Subsidiary</td>
<td>Subsidiary</td>
<td>Sales Agent</td>
</tr>
</tbody>
</table>

4.2.2 Embedded Case 1 – Serbia

In the early 2000’s, the contemporary internationalization process began when main customers of the company started to question why not all, or parts, of the production was relocated to China or other East Asian countries. It is often stated by the interviewees that these customers, and especially the purchasers at these companies, put a lot of pressure on the company to move production to Asia. “One of the senior purchasers even said in one meeting that he could just press the button and the company would end all orders to the case company.” There was a real threat of losing market shares and key customers if they did not comply. This behaviour is described as almost being an obsession among the customers, that no matter what the question or problem was, the solution was always production in China. The main driver was to cut costs but also, according to our interviews, it was a trend that one did not dare to not be a part of. As stated by the CEO, Johan, “It was an uninhibited pressure during a long time, from several but mainly one of our main customers.”

The customer pressure led to a longer period of internal discussions among the owner-family and the company as a whole. The main actors in this discussion was Johan, Olof, Carl and the sales manager of the time. They approached the problem by having open and informal discussions, trying to figure out ways in which to solve the customer pressure. They did not wish to move production out of Sweden since the community and heritage in Sweden was very meaningful and important. “We want to remain here and invest in the community.” Nor did they wish to expand their production in East Asia due to high transaction costs, difficult to
control and be present together with difficulties in managing employees and remaining the basic principles of the company. “It is a great difference in doing business in Sweden versus doing business in China.” The production, even at that time, was not very labour intense. “Our production is by its nature not that sensitive to the cost of labour since it is possible to have automated production to a high extent.” Other factors were more important for the company, such as being close to the customers and having a strong production mix. “Our company in Sweden won’t be strong and the long-term goals would not hold if we do not have companies abroad that balance and provide a broader and more complex mix. Some products are made cheaper in Sweden and it will always cause spill-overs between the different companies.” Going abroad to chase low cost labour was therefore never a strategy.

As stated by Johan, “we simply had to act”, the solution was to internationalize, but to a country closer to Sweden and less complicated. “Whichever approach we choose, the aim is always long-termed, that’s how it always is. We do not enter and do something just for the sake of it. If we are to enter, we need to believe in it and invest ourselves in it.” During this time, the company had a partnership with a Serbian company who assembled some of their products. This partnership had evolved through a personal contact with the owner of the company who previously had been living in Sweden. Since the partnership was considered successful and had a reputation of carrying out qualitative products, they also had trust in their Serbian counterparts, they decided to expand in Serbia with their own in house production. In the same city, as in which the assembling facility was located, there was a state-owned spring factory. Carl was aware of this and decided to travel to Serbia to look for potential business opportunities. In Serbia, Carl witnessed badly maintained and obsolete machine equipment but discovered that the know-how and the working morale of the work force there was excellent. “What we saw when inspecting the facility was badly maintained machines but a competent and hardworking labour force who struggled with the poor machines.”

This new-found knowledge, together with Serbia’s suitable geographical location and the fact that the Swedish plant had acquired a large number of machines and production equipment that was becoming obsolete and out of date, led to a final decision to internationalize in Serbia. “Serbia is well-situated geographically and could increase the market shares. You can find new customers and keep customers who are moving out from Sweden.” The out of date mechanical equipment that they had was still a lot better than what Carl found in Serbia and those kinds of machines would be suitable with a less developed country, where the knowledge, experience and labour costs were lower than in Sweden. “The Chinese mechanical equipment is as
modern as ours, but in Balkan there is a lack of competence and technological equipment, which you would need to implement.”

The process was initiated by a longer period of probing the area after a suitable location, plant and distribution channels. They already knew that the Balkan area had an experienced and well-suited workforce for manufacturing and that a broad customer base was present throughout the region. “One of our key customers is situated in Romania and it would be easy to supply them from Serbia with an easy, fast and secure flow.” By having a plant in Serbia, the company could not only find new customers by also deliver to existing customers cheaper and faster. “To produce and source material is not the difficult part, understanding another culture and taking care of the workforce is”, as stated by Carl. When a suitable location was identified, a property was rented and the production was initiated. The investment was done in partnership with the Swedish government, who had a grant where they matched the investment made in eastern Europe during that time. The case company mainly invested parts of their mechanical equipment and the government match the value in financial investment. “We saw an opportunity to reuse the mechanical equipment one more time.”

Carl was the main actor within this process since he was production manager and had the most knowledge about what skills, equipment and tools that were needed to have in house production. Today, Carl act as the CEO of the Serbian subsidiary and visits the plant on a monthly basis. “Presence is the most difficult thing, it is not enough to use the phone or email. You need to be there on the plant to control and develop.”

4.2.3 Embedded Case 2 – China / Hong Kong

In the end, the internationalization to Serbia did not satisfy all of the case company’s customers and therefore some of the pressure remained. “Our main customer was not satisfied, they wanted us to go to Asia and preferably China.” This mounted a new internal discussion on how to satisfy the customer needs and demands. The company still did not want to transfer production out of Sweden, as explained by Johan “I do not want to have to take responsibility for 200 workers in China”, even though few other companies believed that production in Sweden was sustainable. “The trend during this time was that nothing can or should be manufactured in Sweden.” However, the company had made several important experiences in their internationalization to Serbia and felt more confident moving forward. “We have done many special experiences but these have been vital in order to learn something new.” The company therefore looked at an alternative by having additional production in China. The management identified that they could use a
personal contact that they had in Hong-Kong, who was involved in spring manufacturing and had a plant of his own. This contact offered the company a trade agreement and instead of the company having their own production and their own personnel in Hong-Kong, the contact’s company would produce for the company within the trade agreement. This was a good fit for the management of the company since they did not have to, or wanted to, invest in employing own staff and plants, nor did they wish to have responsibility over employees in Asia due to the situation there. “There was no internal will to internationalize and move to China, but the board realized that it works to stand on two legs. The Swedish company will not exist without its siblings and they will not exist without the Swedish one.” They did not either have the funds or wish to invest large amounts of money and therefore focused on slow and steady growth where all profits would stay within the subsidiary to ensure future growth. “There are too many risks with the development in China, it was therefore an active choice to keep the risk levels low.” Johan also stated, “It is difficult to keep the values and be in control when it is difficult to be present”.

However, the results were good and the pressuring customers became satisfied with the approach as well since the close partnership ensured high control and quality, comparable to in house production. “China also works since we have backup production possibilities in Sweden to ensure that deliveries are done in time and with the right quality.” They agreed with the main customers that parts of the production ordered from China should be manufactured in Sweden to ensure high levels of competence and quality. Since the partnership in Hong Kong was successful and the business and customer stock grew, the partners decided to expand the business with a secondary plant on the Chinese main land. The two plants are both managed by the same management team of four. All additional employees are hired via the Hong Kong partner firm. “The management team in China / Hong Kong is key to success over there since they can both be present at all time and also have grasped the heritage and the culture of the Swedish company.”

Of the internal actors, Johan is the one who is responsible for the internationalization process and later on the operations in China as well. There are many reasons for this, firstly Olof, Johan’s father, was the one who first made contact with the partner in Hong Kong and since then they have developed a friendship between the two families. “Dad met an owner from a spring factory during a study visit, they couldn’t speak to each other but communicated through a common understanding and knowledge of springs.” It was therefore logical for Johan to take over the management of the business relationship after his father. Personal relationships are important in that area and the trust that the case company had built up was instrumental for the choice of going to Asia in the first place. “The personal contact and trust for the family in Asia
was fundamental for our decision.” Another reason was since the company did not have their own production in China there was a larger focus on supplier care and partnership maintenance, both examples concerning external actors, which was Johan’s field of expertise. “China was also about being local, there are other factories and customers in China we wanted to be close to.” During the internationalization process, Johan regularly went to both Hong Kong and China to ensure high levels of quality and control, to manage the business relations and to mediate the basic principles that the company have, so that the same values may be visible in the Asian subsidiary. Nowadays, he visits the plants and partners in China a couple of times each year. “Contracts in all their glory, in the end they are not worth anything to our Asian counterparts if they do not have any personal connections with us.”

4.2.4 Embedded Case 3 – Bosnia

The complexity of the production forced the company to look outside of Serbia in order to find the necessary knowledge to expand and develop the production in the area. At the time, the plant in Serbia was only producing one kind of spring which suited the skill level of the area well. However, when they saw an opportunity to expand their production by another type of spring product group, which required a different form of skill, knowledge and technology, they had difficulties finding it in Serbia. “It would of course have been favourable if we could have had one larger plant in one location but the technical know-how makes it better to have two, despite the lack of presence it creates”. The company looked at their current know-how and resources and saw that it would require a lot of resources to educate the workforce to get the required skills. At the same time, they had workforce in Sweden who originally were from Bosnia, who were highly knowledgeable in the second form of producing springs. “If we had not found the solution with Bosnia, we would have kept the competence in Sweden since we saw no possible solution going forward in Serbia.” By starting a plant in Bosnia, they would streamline the production in the different plants and could easily transfer knowledge from Sweden and educate the Bosnian workforce. “Serbia and Bosnia have two different techniques and they focus on two separate markets. Together they have a more complete coverage.”

When the process was in the planning step, the managers looked within the company for employees and resources that could facilitate the internationalization process in Bosnia and thereby avoid some of the issues experienced in the Serbian internationalization. One of the key aspects, according to the managers, would be to have a CEO or plant manager who knew the country, the culture and how to run a business in Bosnia. “One issue that we had faced in
Serbia was that there often became communication issues due to language and cultural dimensions.” Carl therefore asked Adam, who he knew from the local football team and had worked with before, if he wanted to be in charge of a potential Bosnian subsidiary. He found Adam suitable for this since he was born in Bosnia but lived and worked in Sweden and shared the values of himself and the company. “In Adam, we found someone who possessed the traits we needed and someone who could ease the cultural issues.” Adam, who, as explained in the basic principles segment, was very concerned for the wellbeing of his former home community in Bosnia accepted the offer on the condition that the plant would be located in that community. “It is difficult to find employment in Bosnia and I only employ the people that really need employment and would not find it anywhere else.” Adam then initiated the internationalization process by visiting the community and gathering substantial information about all aspects needed for sustaining production. “It was a lot to choose from, it was more difficult to find the right things and in that short time span. It is not only about a plant but the suppliers and transportations as well.” The Swedish company invested additional mechanical equipment suitable for this form of production together with a starting capital needed for basic production. A branch of the Swedish government offered a grant for the internationalization to Bosnia as well, on the condition that the money is reinvested in the Bosnian company.

The Bosnian internationalization is unique for the business, something that all interviewees highlighted. Problems encountered in the Serbian internationalization process made the company realize the importance of understanding the local culture in order to manage a business there. Adam’s efforts and experience from Bosnia together with the technical support from Carl helped the Bosnian project to become successful. “It’s key to have the right person in the right place, this is what has made the internationalization in Bosnia easier than the previous ones.” Today, Adam works from Sweden but travel to Bosnia every other week.

4.2.5 Embedded Case 4 - Germany
Currently the company has undertaken a new internationalization project where they are trying to enter and gain shares in the German market, which is a large, important and fiercely competitive market. As stated by the sales manager, “We needed one more leg to stand on within Europe and Germany is the strongest and largest market.” This is a strategic decision taken by the sales manager and the CEO together in order to, as put by the sales manager “break new ground”. The company had failed to gain a foothold in the German market and the managers felt that a new strategy was needed to enter it. To break new ground is currently important.
for the company since they want to secure the future of the company and not be dependent on single customers' demands. “A personal goal with running the company is that my children shall have the opportunity to have somewhere to work when they grow up”, is a comment on the importance of the future of the company from one Carl. The customer pressure had started to fade away and a more proactive approach was needed to keep developing. “After China, the customer pressure more or less ended.”

At the same time as they were breaking new ground, they were doing it in a new way. It was the first time in the company’s history of internationalization that they were internationalizing without having some sort of production in the foreign country. “It is closer to hand for us to produce in other countries rather than sell.” The decision about not having production in Germany is due to its location. It is close to both the Bosnian and Serbian production plants and to the Swedish one. “Germany is perfectly situated, close to both Sweden and Balkan, and we can therefore offer a complex and tailor-made solution to our customers based on cost, time and quality.”

The first step in this project was to scan the market by mainly attending different fairs and doing research with key contacts and other companies. This kind of exploratory process is more like how the company operated in the beginning of their internationalization process, “out of curiosity and in order to learn new things”, as stated by Olof. Their exploratory process gave them the insight that an agent holds a strong position in Germany but at the same time they had difficulties in finding a committed agent that only sold their products. The company then saw an opportunity, to employ a new salesperson who would act as an in-house sales agent for the German market. This salesperson had a well suiting personality and experience of both the language and the German culture. “We knew that we wanted to go to Germany, but now how. That we found this way was only a coincidence.” The role of the agent is designed to facilitate the process of entering the German market and to gain the trust of the German customers. The choice of employing an internal salesperson rather than a German sales agent is therefore mostly based on the opportunity that was given to them, together with the greater amount of control that comes with an employee compared to a sales agent. Something that is valued highly according to the sales manager. “Firstly, it is not easy to recruit expertise labour for a small company like us. Therefore, when we got the opportunity with our sales person we put great value in that opportunity.” The German
internationalization process is still an ongoing project which will take years before considered completed.

As apparent above, in the internationalization process in Germany, the sales manager is the key actor since he was the driving and initiating force behind the strategy and the fact that no production takes place there. What the sales manager found the be important is to make new contacts and making sales efforts. “The driving force 10 years ago was to serve customer needs but today we want to stand on our own legs and find new customers.” He explained that it was a conscious strategy to work towards gaining new market shares instead of just following their present customers. At the same time, the CEO is still vital in the role of drawing up the plans and strategic strategies that are to be executed. “Sales and marketing is more about discussions and is less controlled by the owners.”

5. Analysis

The purpose of this chapter is to analyse the empirical material provided in the previous chapter and compare this with the literature review. Two broad themes have been identified based on the results on the study and will be presented separately; (1) Basic principles, (2) Internationalization. The aim is to analyse the embedded cases and to compare them with each other to identify differences and trends. Each segment will consist of an introduction of the theme, a brief overview of the findings, followed by an analysis of the material.

5.1 Basic Principles

The first theme, basic principles, has emerged as a theme due to its importance given by the interviewees. Meanwhile, the effect on the internationalization processes is also strongly evident. All interviewees and especially the CEO have empathized how factors such as values, the long-term orientation (LTO) and the socioemotional wealth (SEW) have affected their strategies, choices and the internationalization processes in a high extent. The importance of these factors is also evident from the empirical findings, where the business approach and goals are highly influenced by the basic principles of the company and the owner-family. These underlying factors can be emerged into one theme since family businesses often are unique in their focus on these factors and since the interviewees use them interchangeably. The theme is of interest to the analysis due to its importance on the
internationalization process, where it seldom initiates the process but act as a framework for how the internationalization is designed. The analyse below will go into these factors and focus on aspects such as the importance of physical presence from the owner-managers and the strong focus on non-financial goals.

5.1.1 Empirical Findings

Based on the empirical material, it is suggested that the case study company is strongly influenced by the involvement of the owner-family. The values, attitudes and beliefs of the company becomes clear from the interviews. All participants point out that the values and the basic principles are the core factors of the company. Both family members and non-family members mediates the same picture which proves that the values of the company are well-known within the entire business. These values are to be a qualitative business partner with a solid and trustworthy reputation, together with a developed technical know-how. At the same time, the general value is to have a strong home community and a prospering SEW. All these values are mentioned in the interviews with the statements presented in Table 7 below and support the conclusion below.
### Table 7  Quotes – Basic principles

<table>
<thead>
<tr>
<th>Quote</th>
<th>Context</th>
<th>Interviewee</th>
</tr>
</thead>
<tbody>
<tr>
<td>The main reason for why I took this opportunity was to be able to help the people of the local community.</td>
<td>On the main goals.</td>
<td>Adam</td>
</tr>
<tr>
<td>We are determent to remain in this community regardless of what happens, just like in Sweden.</td>
<td>On the value of the community and long-term orientation.</td>
<td>Adam</td>
</tr>
<tr>
<td>A personal goal with running the company is that my children shall have the opportunity to have somewhere to work when they grow up.</td>
<td>On the main goals.</td>
<td>Carl</td>
</tr>
<tr>
<td>The company wants to highlight that they are participators and not spectators in the world.</td>
<td>On how to act as a company.</td>
<td>Fredrik</td>
</tr>
<tr>
<td>A bankruptcy would have been both quicker and cheaper but it is not the right way to do it.</td>
<td>On the value of being a solid and trustworthy business partner.</td>
<td>Johan</td>
</tr>
<tr>
<td>We are closing the books for a generation rather than for a month.</td>
<td>On the long-term orientation</td>
<td>Johan</td>
</tr>
<tr>
<td>We want to stay in this area and prosper here, we believe and want to invest into a future here. Our company in Sweden won’t be strong and the long-term goals would not hold if we do not have companies abroad that balance and provide a broader and more complex mix. Some products are made cheaper in Sweden and it will always cause spill-overs between the different companies.</td>
<td>On the value of having a strong home community.</td>
<td>Johan</td>
</tr>
<tr>
<td>Whichever approach we choose, the aim is always long-termed, that’s how it always is. We do not enter and do something just for the sake of it. If we are to enter, we need to believe in it and invest ourselves in it.</td>
<td>On how to act as a company.</td>
<td>Johan</td>
</tr>
<tr>
<td>It is not money that are important, it is not a goal but a mean. The most important thing is to be able to sleep well at night knowing that you are doing something meaningful.</td>
<td>On the main goals.</td>
<td>Olof</td>
</tr>
<tr>
<td>You should be able to trust a handshake, that what you say is true. We want to be a reliable supplier in a relatively complex market. Trust that we are doing our best, both to be effective in production but also doing the right things.</td>
<td>On how to act as a company.</td>
<td>Olof</td>
</tr>
<tr>
<td>We haven’t been running a business here for over 80 years if we wanted to make quick and easy money. The disadvantage with a family business is that it is difficult to separate the person and the company, this is especially difficult in times of financial hardship or employee problems.</td>
<td>On the main goals.</td>
<td>Sarah</td>
</tr>
<tr>
<td></td>
<td>On the emotional attachment.</td>
<td>Sarah</td>
</tr>
</tbody>
</table>
5.1.2 Analysis

The empirical findings within this theme is in a very high extent consistent with what previous literature have concluded in the research field. Namely, that the owner-family identity overlaps with the business identity, as stated in the literature review on family businesses by Zellweger et al. (2013). The empirical findings also indicate a strong focus on non-financial goals similar to the findings of the research by Chrisman et al. (2005) and Sharma (2004). This is most evident in the statement by the previous owner, Olof, who stated that “It is not money that are important, it is not a goal but a mean. The most important thing is to be able to sleep well at night knowing that you are doing something meaningful.” The main focus of most businesses is to provide returns to the shareholders, while the case company have a strong focus on non-financial goals. In other words, the focus on non-financial goals highly influence the strategic decisions and strategies of the company, which is consistent with the results of Duran et al. (2015). Closely connected to the focus on non-financial goals is the SEW of the company. As stated by Johan, “A bankruptcy would have been both quicker and cheaper but it is not the right way to do it”, when explaining the importance of protecting the SEW and meanwhile indicates the importance of their non-financial goals. This is in line with the research by Cennamo et al. (2012) who argue that family businesses are more likely to put more effort into protecting and strengthening their SEW. To take a loss because it is the right way to do it also suggests an irrational behaviour, similar to the findings by Hall (2002) who argues that family businesses are irrational and it is due to the family involvement. The idea that family businesses are irrational is shared by Chrisman et al. (2010), who argue that the family influence on the decision-making process may cause the business to deviate from making rational decisions or to deviate from opportunistic profit-maximizing behaviour.

It is also evident that the previous research also holds true when it comes to the long-term objectives. The empirical findings suggest a strong long-term orientation of the family business, as with the findings by Lumpkin and Brigham (2011). On this matter, Johan states: “We are closing the books for a generation rather than for a month”. He looks ahead to when he is supposed to hand over the business and focusing on handing over a successful company rather than maximizing profits month for month. The two objectives above, non-financial goals and long-term orientation, can be combined in one statement made by Sarah: “We haven’t been running a business here for over 80 years if we wanted to make quick and easy money”, is her comment on their business operations in Sweden. The reason for the focus on non-financial goals could be explained by the emotional investment by the owner-family. As stated by
Sarah, "The disadvantage with a family business is that it is difficult to separate the person and the company, this is especially difficult in times of financial hardship or employee problems." This is also evident in another statement by her, "It's not Saturday or Sunday for me, working in this company is not work, it is a lifestyle.". These statements are in line with the findings by Deephouse and Jaskiewicz (2013), who argue that the family members identify themselves more strongly with the family business and therefore are more likely to protect the SEW of themselves and the business. The boundaries between the person and the company has become blurred and the values and opinions of the decision-maker is heavily influencing the decisions made, which is consistent with the conclusion of Chua et al. (1999).

As explained above, the empirical findings are very consistent with the literature, however the findings indicate a stronger focus on LTO, non-financial goals and protecting the SEW than what the literature might suggest. This could be connected to the fact that the case company is in the third generation of owners, which only 10% of the family business make it to and the owners are trying to pass it over to the fourth generation in the time to come. This is something that only 1% of the family business achieves (European family businesses, 2012) and may indicate a very strong focus on LTO and protecting the company heritage that differ from other family businesses. It could also be connected to the personality and basic principles of the owner-family.

When analysing the basic principles within the embedded cases one theme emerges. Namely, that the more financial and, especially, human capital that is invested in an area the more important LTO and SEW becomes. The need for presence at plants where there are cultural and linguistic differences compared to the Swedish plant is stated as vital by both the COO, "Presence is the most difficult thing, it is not enough to use the phone or email. You need to be there on the plant to control and develop", and the CEO, "It is difficult to keep the values and be in control when it is difficult to be present". When a continual presence has been established, the emotional attachments increase which in turn leads to a greater interest in the SEW. This is evident from the empirical findings where Bosnia receives more attention, in terms of SEW from the mother company, than China / Hong Kong do. In Bosnia, the company has their own employees and their own machinery, which they do not have in China / Hong Kong. The company is also more present in Bosnia than in China / Hong Kong. That makes the ties stronger and the emotional attachment greater with the Bosnian employees and their environment. The communities, like the Bosnian, which attains more SEW attention receives a positive effect. This may also be connected to the fact that the Bosnian internationalization
process was decided by the concern and care Adam had for the local community, something that has effected and spread to the rest of the company. The downside can though be seen at the managerial level when the emotional attachment becomes strong. This phenomenon is highlighted in a statement by Sarah, “The disadvantage with a family business is that it is difficult to separate the person and the company, this is especially difficult in times of financial hardship or employee problems.” To sum this up, the findings suggest that there is a connection with being present and the levels of emotional investment, and in extension, the levels of influence by the owner-family. The least in China, where the presence is the least, second in Serbia and the most in Bosnia. Germany is not relevant in this comparison since the do not have a physical presence there. The importance and strong focus on physical presence indicated by the empirical findings are however something that is not evident in the literature.

The findings further suggest that the combination of the focus on non-financial goals and the long-term orientation grants the company and the actors a certain level of freedom. A new endeavour does not need to be the best available choice or as effective as possible. The main goal for the company, and for the owners, is that the endeavour will be somewhat profitable or contribute with something positive to the company in the long run. This also supports the findings of Hall (2002), who argue that family business strategies are irrational and thus not seek profit maximization. In other firms, that may seek to maximize profits and have somewhat of a short-term focus, the same level of freedom will perhaps not be present. The LTO of the case company, which has its foundation in the basic principles of the owner-family is thereby instrumental, not only for the internationalization process, but also for the decision-making process as a whole. As stated by the CEO, Johan, “Whichever approach we choose, the aim is always long-termed, that’s how it always is. We do not enter and do something just for the sake of it. If we are to enter, we need to believe in it and invest ourselves in it.”

When comparing the findings over time, it is evident that the focus on LTO and SEW have remained more or less unchanged over the years. The current owners have the same focus as the previous owners, something that brought the current owners together to begin with. This is shown in the statement by the CEO, Johan, “Me and Carl have very different personalities, but we feel that we share the same basic principles”, when he describes the deciding factor to why they took over the business. The previous owners are also still very active within day-to-day operations and in strategic decisions through both their positions and through the board of directors. It could also be connected to the findings by Chua et al. (1999), who argue that the focus on non-financial goals are not only based on the family identity but the decision-
maker’s values and attitudes. Thus, even though the owners might have changed from one generation to another, the values and attitudes of the previous owners are still shown and present through their decision-making power in their positions and through the board of directors.

The focus has remained the same, however what has changed is the trends in the business environment. It has moved from a more local market activity with less competition and demands to a globalized arena in which demands are high and the focus on efficiency and profit maximizing has pushed aside the focus on close relationships and the opportunity to gain experience rather than making money. The increased competition can be visible in the wish to become more professional as a company and the aim to become more proactive and actively seek out new customers. This is evident in the internationalization process in Germany, where the business is going towards being less focused on non-financial goals and trying to focus more on securing market shares and expanding in order to survive future challenges. This is however still being connected to the basic values of the business since securing the future survival of the business aims to protect the LTO and SEW.

5.2 Internationalization Strategy

The second theme which has been identified is the internationalization strategy, which is a theme that includes both the approach, entry mode and the motivation or driving force behind the choices. The reason for combining these factors into one theme is because the approaches and entry modes are intertwined where one is how to enter the market and the other on which approach to internationalization. The choice of strategy is defined by the motivation or driving forces that initiated and pushed the internationalization process forward. Besides, interviewees have combined these factors into answers for the internationalization process and thereby combined them into one topic. The aim is to analyse why the company internationalize and what approach they took in doing so. This will be done by both looking into each embedded case, but also comparing the embedded cases and comparing the findings over a time.
5.2.1 Empirical Findings

Based on the empirical material, the case company has chosen different approaches in their different internationalization processes. The company is over 80 years old and has been through multiple internationalization processes during this time. Thereby to narrow the focus, this overview will go through the four embedded cases described in the internationalization process segment.

The first embedded case, Serbia, was characterized by the external pressure from the customer base, which caused a need for internationalizing some of the production. The customer base wanted them to internationalize in China, but since the company did not want to produce in Asia, they chose a country which was closer and one which they had more knowledge of. The internationalization process took place through a direct investment to create a new subsidiary in Serbia. This was done through low investments of financial capital and instead, the company utilized a government grant and outdated mechanical equipment that could be reused in the Serbian plant. The company took advantage of contacts and established relationships to facilitate the internationalization process and to gain information about the area. The reason for internationalization in Serbia was based on several aspects, one being the established contacts. Other deciding factors were the location, which was beneficial for the company and, the workforce and the technological situation in the country. The quotes supporting and summarizing this embedded case can be seen in Table 8 below.
Table 8  Quotes – Serbian Internationalization Strategy

<table>
<thead>
<tr>
<th>Quotes</th>
<th>Context</th>
<th>Interviewee</th>
</tr>
</thead>
<tbody>
<tr>
<td>Presence is the most difficult thing, it is not enough to use the phone or email. You need to be there on the plant to control and develop.</td>
<td>On presence being easier to maintain in Serbia.</td>
<td>Carl</td>
</tr>
<tr>
<td>It was an uninhibited pressure during a long time, from several but mainly one of our main customers.</td>
<td>On the driving factor to internationalize.</td>
<td>Johan</td>
</tr>
<tr>
<td>What we saw when inspecting the facility was badly maintained machines but a competent and hardworking labour force who struggled with the poor machines.</td>
<td>On the opportunity to reuse their machines and the condition of the workforce.</td>
<td>Carl</td>
</tr>
<tr>
<td>We saw an opportunity to reuse the mechanical equipment one more time.</td>
<td>On the opportunity to reuse their machines.</td>
<td>Carl</td>
</tr>
<tr>
<td>Serbia is well-situated geographically and could increase the market shares. You can find new customers and keep customers who are moving out from Sweden.</td>
<td>On the location of the Serbian plant.</td>
<td>Johan</td>
</tr>
<tr>
<td>One of our key customers is situated in Romania and it would be easy to supply them from Serbia with an easy, fast and secure flow.</td>
<td>On the location of the Serbian plant.</td>
<td>Carl</td>
</tr>
</tbody>
</table>

The second embedded case, China / Hong Kong, was characterized by a continued external pressure from the customer base. It was done through a combination of a trade partnership with a local manufacturer and direct investment into an own subsidiary. The choice of such a complex approach had its foundation in the wish to avoid having the responsibility of employees in Asia, as stated by Johan. By having a trade partnership, the production and responsibility over workers were transferred to their Asian counterparts. However, they still started a new subsidiary in Hong Kong and later in China, due to the importance of having a presence in the area and with a stronger confidence after the Serbian internationalization. The relationship with the local company was fundamental to the internationalization process and the approach chosen. The level of capital invested was low in this internationalization similar to the Serbian internationalization, however no grant was used in this case. The main reason for internationalizing in Asia was the customer pressure but the local presence with other customers in Asia was also a key factor. The quotes supporting and summarizing this embedded case can be seen in Table 9 below.
I do not want to have to take responsibility for 200 workers in China.

Our main customer was not satisfied, they wanted us to go to Asia and preferably China.

We have done many special experiences but these have been vital in order to learn something new.

There are too many risks with the development in China, it was therefore an active choice to keep the levels low.

China also works since we have backup production possibilities in Sweden to ensure that deliveries are done in time and with the right quality.

Contracts in all their glory, in the end they are not worth anything to our Asian counterparts if they do not have any personal connections with us.

China was also about being local, there are other factories and customers in China we wanted to be close to.

<table>
<thead>
<tr>
<th>Quotes</th>
<th>Context</th>
<th>Interviewee</th>
</tr>
</thead>
<tbody>
<tr>
<td>I do not want to have to take responsibility for 200 workers in China.</td>
<td>On the reason for not wanting to produce in China.</td>
<td>Johan</td>
</tr>
<tr>
<td>Our main customer was not satisfied, they wanted us to go to Asia and preferably China.</td>
<td>On the driving factor to internationalize.</td>
<td>Johan</td>
</tr>
<tr>
<td>We have done many special experiences but these have been vital in order to learn something new.</td>
<td>On the higher confidence.</td>
<td>Johan</td>
</tr>
<tr>
<td>There are too many risks with the development in China, it was therefore an active choice to keep the levels low.</td>
<td>On the choice of the levels of investment.</td>
<td>Johan</td>
</tr>
<tr>
<td>China also works since we have backup production possibilities in Sweden to ensure that deliveries are done in time and with the right quality.</td>
<td>On how to make the internationalization process work.</td>
<td>Carl</td>
</tr>
<tr>
<td>...the board realized that it works to stand on two legs. The Swedish company will not exist without its siblings and they will not exist without the Swedish one.</td>
<td>On the reason to internationalize in Asia.</td>
<td>Johan</td>
</tr>
<tr>
<td>Contracts in all their glory, in the end they are not worth anything to our Asian counterparts if they do not have any personal connections with us.</td>
<td>On the importance of having a local presence.</td>
<td>Johan</td>
</tr>
<tr>
<td>China was also about being local, there are other factories and customers in China we wanted to be close to.</td>
<td>On the importance of having a local presence.</td>
<td>Fredrik</td>
</tr>
</tbody>
</table>

The third embedded case, Bosnia, was characterized by a need and opportunity to grow and advance in the region. The company invested in a subsidiary once again and this was done by a combination of a government grant and outdated mechanical equipment similar to the investment in the Serbian subsidiary. The driving factor was the lack of know-how in Serbia, together with the technological advancement of the Swedish entity and the Bosnian local competence, which was suitable for production. However, the deciding factor for internationalization in Bosnia was the commitment and care for the community that Adam had. Without him, the Bosnian internationalization would have been exchanged for a Swedish investment. The quotes supporting and summarizing this embedded case can be seen in Table 10 below.
Table 10  Quotes – Bosnian Internationalization Strategy

<table>
<thead>
<tr>
<th>Quotes</th>
<th>Context</th>
<th>Interviewee</th>
</tr>
</thead>
<tbody>
<tr>
<td>It would of course have been favourable if we could have had one larger plant in one location but the technical know-how makes it better to have two, despite the lack of presence it creates.</td>
<td>On the driving factor to internationalize.</td>
<td>Carl</td>
</tr>
<tr>
<td>If we had not found the solution with Bosnia, we would have kept the competence in Sweden since we saw no possible solution going forward in Serbia.</td>
<td>On the reason why to internationalize in Bosnia.</td>
<td>Carl</td>
</tr>
<tr>
<td>Serbia and Bosnia have two different techniques and they focus on two separate markets. Together they have a more complete coverage.</td>
<td>On the reason why to internationalize in Bosnia.</td>
<td>Carl</td>
</tr>
<tr>
<td>One issue that we had faced in Serbia was that there often became communication issues due to language and cultural dimensions.</td>
<td>On the difficulties in internationalizing in Serbia.</td>
<td>Johan</td>
</tr>
<tr>
<td>In Adam, we found someone who possessed the traits we needed and someone who could ease the cultural issues.</td>
<td>On the driving and facilitating factor to internationalize in Bosnia</td>
<td>Carl</td>
</tr>
<tr>
<td>The main reason for why I took this opportunity was to be able to help the people of the local community.</td>
<td>On the motivation of Adam.</td>
<td>Adam</td>
</tr>
<tr>
<td>It was a lot to choose from, it was more difficult to find the right things and in that short time span. It is not only about a plant but the suppliers and transportations as well.</td>
<td>On the process of internationalizing.</td>
<td>Adam</td>
</tr>
<tr>
<td>It’s key to have the right person in the right place, this is what has made the internationalization in Bosnia easier than the previous ones.</td>
<td>On why the Bosnian internationalization was easier than the Serbian.</td>
<td>Carl</td>
</tr>
</tbody>
</table>

The fourth and final embedded case, Germany, is different from the two first ones and more similar to the third one in the sense that it was more of a strategic and rational decision by the company. The internationalization is characterized by a need to develop their customer base, becoming proactive, developing the company and working against future challenges. This process was done through employing an agent, who is in-house rather than locally situated. The German market is a large and important market and yet to be successfully entered. However, the company believed that by being able to offer a complex mix between mainly the Swedish and Balkan companies, the German customers will be interested. The quotes supporting and summarizing this embedded case can be seen in Table 11 below.
Table 11  Quotes – German Internationalization Strategy

<table>
<thead>
<tr>
<th>Quotes</th>
<th>Context</th>
<th>Interviewee</th>
</tr>
</thead>
<tbody>
<tr>
<td><em>We needed one more leg to stand on within Europe and Germany is the strongest and largest market.</em></td>
<td>On the driving factor to internationalize.</td>
<td>Fredrik</td>
</tr>
<tr>
<td><em>We have learnt a lot by doing our previous internationalizations.</em></td>
<td>On the higher confidence.</td>
<td>Johan</td>
</tr>
<tr>
<td><em>After China, the customer pressure more or less ended.</em></td>
<td>On the need to act proactive.</td>
<td>Johan</td>
</tr>
<tr>
<td><em>Germany is perfectly situated, close to both Sweden and Balkan, and we can therefore offer a complex and tailor-made solution to our customers based on cost, time and quality.</em></td>
<td>On how to server German customers.</td>
<td>Fredrik</td>
</tr>
<tr>
<td><em>We knew that we wanted to go to Germany, but now how. That we found this way was only a coincidence.</em></td>
<td>On how to approach the German market.</td>
<td>Fredrik</td>
</tr>
<tr>
<td><em>Firstly, it is not easy to recruit expertise labour for a small company like us. Therefore, when we got the opportunity with our sales person we put great value in that opportunity.</em></td>
<td>On the choice of recruiting an agent.</td>
<td>Fredrik</td>
</tr>
<tr>
<td><em>The driving force 10 years ago was to serve customer needs but today we want to stand on our own legs and find new customers.</em></td>
<td>On the choice of changing internationalization approach into a more proactive one.</td>
<td>Fredrik</td>
</tr>
</tbody>
</table>

5.2.2 Analysis

5.2.3.1 Outside actors within the internationalization process

According to the literature of Gallo and Sveen (1991), outside expertise can be difficult to accept for the family business. In the case company this could in some regards be true. The chairman of the board has occasionally during the years been a non-family member with outside expertise. According to the findings, these outside chairmen have not been perfect fits which could have several explanations. It could be that the chairmen have not been competent enough. It could also be the case, which would be in line with the theory, that the family business has difficulties in accepting outside expertise. On the same matter, outside expertise is stated by the interviewees to be a wanted and needed influence. The problem for the company is to find and attract this expertise. The recruitments of both Adam and the sales agent in the German process are examples of when competent outside expertise is
found and recruited. What is evident from these recruitments is that when outside expertise is found and accepted it enables strategic actions and moves the company forward. This is in line with what Kontinen and Ojala (2010) states.

5.2.3.2 Internationalization made in practice

Another theory raised by previous research is that family businesses often use a stepwise and gradual internationalization approach. The family businesses are stated as being focused on markets close to the home country in the early stages of the process. Thereafter, they expand further away when profit maximizing has been reached in nearby markets. Proponents of this theory are Child et al. (2002), Zahra (2003) and the Uppsala Model by Johansson and Vahlne (1977). As will be evident in the further analysis below, this theory is not applicable to the case company. This could be derived from that the reality is more complex than the theory would suggest. The case company has utilized different approaches and entry modes, but seldom a refined approach as with the literature.

In Serbia, the company utilized both a network approach and knowledge-based view since they used established contacts in their network to gain knowledge that facilitated the process. They also used outdated Swedish technology that was superior to the local to gain a competitive advantage. To enter the market, they used foreign direct investment to create a plant. In Asia, they once again utilized somewhat of a network approach, where they took advantage of the knowledge of their partner to facilitate the process. The entry modes were however more complex and could be defined as a combination of joint-venture, trade partnership and foreign direct investment into a subsidiary. In Bosnia, the company used more of a knowledge-based view, where they once again took advantage of their mechanical equipment to gain an advantage, but they also utilized Adam who had deep inside information about the conditions and culture of the country. In Germany, the company had a different approach which could be defined as international new venture theory, since they sought to attract the German customers and facilitate the process through a complex mix offered by their different subsidiaries on an international scale. They entered the market through an international agent, even though this agent acted as an in-house agent rather than a locally situated one.

In general, to summarize the earlier internationalization process for the case company, an external force, or forces, creates a problem which leads to an internal discussion regarding how one can solve this issue. This discussion then leads to some kind of solution, which
upon the company then agrees and acts. Historically, this chain of actions has often been the case. The company has often been forced to take certain actions based on external forces and have thus been reactively internationalizing rather than proactively internationalizing. The strong customer pressure leading to internationalization as suggested by the empirical findings is not something that existing literature seems to show much interest in.

Evident from the strategies in the internationalization process is that the company strives to ensure high levels of control and thereby have high levels of commitment. This is seen in the choice of having their own subsidiaries in the foreign countries. The levels of risk are also low throughout their internationalization processes where the investments are kept low and arrangements with the government have been utilized. This is all very consistent to the findings of Anderson and Gatignon (1986), who argue that family businesses are more sensitive to commitment, control and risk in their internationalization processes when compared to non-family businesses.

5.2.3.3 Effectuation within internationalization

The comparison with models and entry modes above is very simplified and the empirical findings suggests that with the three first embedded cases the company show a close resemblance to an effectuation approach. The company have often acted on demands set by customers or by the environment and thereafter looked for solutions and opportunities to meet those demands. This behaviour is what Sarasvathy (2001) refers to as effectuation. She describes it as an approach when making decisions in entrepreneurship processes, where one identifies the next, best step by assessing the resources available in order to reach one’s goals. Effectuation differs from causal logic in the way that it does not make use of predetermined goals and a process that is set to achieve the goals. Sarasvathy (2001) ends with that the causal logic does not fit family businesses and entrepreneurship since it is characterized with uncertainties and risks, thereby making effectuation a better tool. In this case, why effectuation is applied could be derived from the basic principles. The goal of the business is to stay in the local environment and not to profit maximize. To do this the company has primarily internationalized due to customer demands and not due to cost cutting. They have thereby been acting in a business environment with uncertainties and risks which according to Sarasvathy (2001) calls for an effectuation approach. Lumpkin et al. (2010) argues that the LTO is positively related to innovation, proactiveness and self-reliance, and negatively related to risk-taking and aggressiveness. The findings are consistent with this and indicate that the
levels of risk-taking and aggressiveness are low. However, there are low indications that the company is proactive, at least historically with is in contrast to the findings by Lumpkin et al. (2010). This could be since the company follow the customer pressure and have an effectual approach.

5.2.3.4 Internationalization over time
When comparing the internationalization process over time, there is an approaching trend where the company is moving from a reactive approach to a proactive one. This is clearly stated by the sales manager, Fredrik, “The driving force 10 years ago was to serve customer needs but today we want to stand on our own legs and find new customers”. As described above, historically the company has followed the customer demands in both the Serbian and Asian internationalizations. Bosnia was the beginning of a more proactive approach, but the main driver in that process was the care and consideration for the local community that Adam felt rather than a proactive decision to secure market shares and develop as a company. However, this was the result of the internationalization in the long-term. One could say that the internationalization process in Germany was the first rational and planned strategic internationalization decision that the company took. This suggests a move from the effectuation approach to more of a causation approach where the company look for future challenges and ways to develop and make plans and strategies to meet it. This trend could be connected to the fundamental goal that the owners have, to secure employment in Sweden for their children and the community. In order to achieve this, the company need to develop and rely on their subsidiaries. “Our company in Sweden won’t be strong and the long-term goals would not hold if we do not have companies abroad that balance and provide a broader and more complex mix. Some products are made cheaper in Sweden and it will always cause spill-overs between the different companies.”
6. Conclusion

This chapter will provide a summarizing overview over the conclusions based on the analysis of the empirical material. The two main themes derived from the analysis will be summarized under this segment, connected to the research questions for the thesis. The aim is to provide a brief overview over the most important findings and answers to the research question and thus fulfilling the research purpose of the thesis.

Derived from the analysis, the main points following the theme, basic principles, are the strong focus on factors revolving around the non-finical focus, LTO and SEW. The findings indicate a strong consistency with the literature and further indicate that the company focus even more on these factors than what the literature may suggest. The findings suggest that this focus is derived from the family-owner influence on the business. The focus on non-financial goals have granted the company a level of freedom since the goal is to make things right rather than profit maximizing, this is also causing the business strategy to be somewhat irrational. Physical presence by the owner-family and decision-makers has proven to be a highly influential factor for the level of commitment and thereby the level of SEW and LTO in the internationalization processes. Comparing the findings over time have shown that the focus has remained more or less unchanged over the years even though a generational shift has taken place. However, there is a current trend that suggests that the increasing global environment in terms of pressure and competition is leading the business to become more profit oriented with a greater focus on being proactive and less focused on non-financial goals.

Following the second theme, internationalization strategy, the company’s motive for internationalizing is to preserve the SEW through acting according to customers’ high demands. What is important to distinguish between, is that the company would not do whatever the customer demands. The company would, for example, not accept customers’ demands if that would hurt the SEW even if that meant losing the customer. When trying to serve customers’ high demands with what the company possess in-house, effectuation is in play. Since the high demands causes uncertainty for the company the effectual approach is a good tool to cope with the uncertainty. The effectuation then, in turn, affects how the company enters a market. The company enters the market where the current in-house know-how, financial capital or human capital provides the best opportunities to succeed. For the
company, this has been the model until entering the German market which was made more from causal logic than from effectuation. This change, to a more logical model, is in line with the spotted trend. Furthermore, the analysis suggests that the company choses an internationalization strategy that leads to high levels of commitment, foreign presence and control. Both to be able to implement their basic principles but also to be able to protect them when established. There are also evidence of low risk taking since the company often choses to invest a minimal amount of capital and instead allows the subsidiary to grow over time. To conclude the second theme, the analysis indicates that the internationalization process of the company is not, at least historically, a strategic decision but rather a response to customer pressure and identified opportunities.

To summarize and connect back to the research question; how does internationalization as a strategic decision evolve in a family business. The customer pressure is the driving and initiating force behind the internationalization where a strong effectuation approach is taken by the case company. The basic principles of the company, which are heavily influenced by the family-owners, then set the framework for how the internationalization process is approached and conducted. Within this framework, the focus is on protecting the socioemotional wealth with a long-term orientation and with a strong focus on non-financial goals. The overall internationalization strategy indicates a strong will to have high control, strong commitment and low levels of risk. Over time, there is a trend that suggest that the effectuation approach is slowly becoming more of a causation approach where the company are taking more proactive and strategic decision regarding their internationalization process, rather than only responding to customer pressure and identified opportunities.
7. Discussion

The purpose of this chapter is to provide the theoretical contribution of the research, followed by the managerial and ethical implications of the study. This will be followed by the limitations of the study, both within the research methodology and within the study itself. The limitations will be followed and continued by the future research, which will highlight areas and topics which could be of interest to conduct future research on, such as the importance of the customer pressure as a driving factor in the internationalization process.

7.1 Theoretical Contribution

As previously stated, the research field of family business internationalization is very limited and underdeveloped. There is a further need to explore the strategies and the aspects that is making the family business unique, especially in small and medium sized family businesses (Kontinen and Ojala, 2010). The diversity between family businesses results in limited knowledge within the field which indicates a further need to explore the field in-depth (Nordqvist et al., 2014; Berrone et al., 2012). This is important since the internationalization strategy is a valuable strategy for expansion and growth, and one of the most complex strategies a family business can undertake (Graves & Thomas, 2008; Zahra, 2003). Based on this gap within the research filed, our research has contributed with in-depth, qualitative material, conducted through a single case study of one family business’ internationalization process. The exploratory study focused on understanding one family business in depth, to be able to fully understand and grasp the different factors that affect the evolvement of the family business internationalization process. Thus, contributing to a better and broader understanding of how small- and medium sized family businesses internationalize.

7.2 Managerial Implications

From the analysis and the conclusion some new findings has emerged. These findings do not only play a theoretical role in the field and in the future research, but also gives practical guidelines of how to act in these circumstances, namely managerial implications. The core of the studied family business can be found in the values of the company and of the owners. These values guide the future of the company and provide answers to most of the actions taken in the past. For managers, external and internal stakeholders these values are important to understand in order to follow the actions by the company. Since the core values include...
much more than the company itself, managerial actions that aim at profit maximizing could therefore be neglected. A manager or an external stakeholder who is not aware and fully understands this could face difficulties in understanding the decisions taken by the owners and the company. The knowledge about these values should also be understood by the owners and the company. It is as important for them to understand the viewpoint about the company of external stakeholders, as for the stakeholders to understand the company. The company could try to mediate the values more to all stakeholders in order to prevent possible misunderstandings and business failures.

7.3 Ethical Implications

As mentioned in the conclusion, the focus on SEW and non-financial goals are the main drivers for the case company when internationalizing. One could argue that this focus could potentially lead to a decline for the company. After all, a company needs to make profit in the long run to stay in business. Therefore, if this focus becomes too distinct, so that it leads the company to be unprofitable, it could potentially harm the SEW in the long run since there will be a lack of resources to protect and develop it. Another issue revolving around the SEW is when the basic principles from the mother company in Sweden, are introduced in new cultures. If the culture, to where the basic principles are brought, is not compatible with the values of the Swedish ones a potential cultural clash could occur. Due to this, the company should be aware of ethical and moral issues that could follow these situations.

7.4 Limitations

The limitation of this thesis, through the purpose and research questions has facilitated the research in terms of both narrowing it down and making it applicable to research. However, there are limitations to the chosen approach and method. A single case study gives rich, in-depth knowledge, but it may be difficult to transfer this knowledge outside of the case company due to its unique environment and characteristics. Embedded cases offer a possibility to compare over time and between different processes but a deeper understanding might be gained by examining only one process. The case company is small in terms of main actors, which could sway the findings due to the difficulty in comparing answers and actors. The actors in the case company have divided their focus based on competence and personality and this may limit the findings as well. Finally, it is difficult to fully understand and grasp the complex and ongoing activities and processes that take place within the
internationalization process without being an active part of it yourself. Our research is therefore limited in the extent of how far the understanding reaches together with being limited to the views and opinions of the people interviewed. It is also limited to the memory and perception of the event or process that the interviewees describe. There are also many features involved in a complex process such as the internationalization process and different interviewees focus on different features.

7.5 Future Research

The research and limitations indicates the need for further research in the field and the following segment will introduce some areas where there is a need for this. To begin with, the method utilized can be different and it would be interesting and important to investigate if the results would be different if a multiple case study strategy would be utilized or if a single case study was used with a single focus on one internationalization case rather than several embedded cases. A quantitative approach could also be used to validate important factors for the internationalization process such as customer pressure, socioemotional wealth and effectuation as an approach. By doing a quantitative study with the same research purpose, it would be possible to ensure and validate if the results of this thesis are applicable to other family businesses or dependent on the unique setting of the case company. Besides utilizing different methods, topics which would particularly benefit from further research are the customer pressure as a main driving force to internationalization and the effectuation approach taken by companies in the internationalization process. The purpose of this thesis was to explore how internationalization as a strategic decision evolve in a family business. Therefore, further research could complement this research by focusing on strategic decisions in other contexts, to identity if the same factors have the same weight as in this study. Such context could be financial, operational or organizational. Potential research questions for future research within these topics could be:

- How is the customer pressure affecting a family business’ internationalization process?
- How is the family business internationalization strategy taking form?
- How is effectuation and causation approaches influencing the family business internationalization process?
8. Reference List


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9. Appendix

Table 1  Definition of SME’s

<table>
<thead>
<tr>
<th>Company category</th>
<th>Staff headcount</th>
<th>Turnover or Balance sheet total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Medium-sized</td>
<td>&lt; 250</td>
<td>≤ € 50 m</td>
</tr>
<tr>
<td>Small</td>
<td>&lt; 50</td>
<td>≤ € 10 m</td>
</tr>
<tr>
<td>Micro</td>
<td>&lt; 10</td>
<td>≤ € 2 m</td>
</tr>
</tbody>
</table>

*Source: Adapted from Growth (2017).*
Interview Questions

Introductory questions
1. Can you please tell us a bit about yourself and describe your history and position in the company?
2. Can you please describe your relationship with the owner family members?
3. How do you think this relationship affect your role within the company?

Specific questions
4. Can you please describe in detail an example of an internationalization decision?
5. Which steps did you take within this process?
6. Where there any additional steps which you did not participate in?
7. Can you please describe your role in this process?
8. Was this role in line with the role that you were supposed to have?
9. Were you able to influence the decision-making process?
10. How did you interact with the other actors within this process?
11. How was your input received by the other actors?
12. Can you please describe the actions of these actors?
13. Can you please describe how the interactions occurred?
14. Who have the decision-making authority in this process?
15. Could you please describe the role and actions of this person/s?
16. What information did you take advantage of in order to make this decision (e.g. financial)?
17. How do you evaluate this process, are there room for improvements?
18. Are other internationalization decisions similar to this example?
19. Do you wish to add something?