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# The Influence of Socio-Emotional Wealth on the Speed of the Export Development Process in Family and Non-Family Firms

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**Abstract** This paper proposes that family firms do not necessarily internationalize less than non-family businesses, but rather, they do it more slowly. Lower speed of internationalization process of family business (measured by the speed of the export development process) is a consequence of the role of the socio-emotional wealth (SEW) in these firms. SEW operates through three different mechanisms: (1) long-term orientation, (2) risk avoidance, and (3) lack of resources to be independent. The empirical research, based on a panel of more than a thousand Spanish manufacturing firms along nine years (2006-2014), supports the hypothesis proposed, independently of firm's previous size, age, and export commitment level.

**La influencia de la riqueza socioemocional sobre la velocidad del proceso exportador en empresas familiares y no familiares**

**Resumen** Este trabajo propone que las empresas familiares no necesariamente se internacionalizan menos que las empresas no familiares, sino que lo hacen más lentamente. La baja velocidad del proceso de internacionalización de la empresa familiar (medida por la velocidad del proceso de desarrollo exportador) es consecuencia del papel de la riqueza socioemocional (SEW) en estas empresas. La SEW opera a través de tres mecanismos diferentes: (1) orientación a largo plazo, (2) evitación de riesgos y (3) falta de recursos para ser independiente. La investigación empírica, basada en un panel de más de mil empresas manufactureras españolas a lo largo de nueve años (2006-2014), apoya la hipótesis propuesta, independientemente del tamaño, antigüedad y nivel de compromiso exportador anterior de la empresa.

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## 1. Introduction

Most research recognizes that family business decisions must consider not only the economic aspects, but also socio-emotional wealth (SEW) (Gómez-Mejía et al., 2007, 2011), which is oriented towards long-term objectives (Lumpkin & Brigham, 2011). The role of SEW has been studied before in relation to different types of strategic decisions, such as the adoption of new technologies (Souder et al., 2016), diversification (Gómez-Mejía et al., 2010), R&D investment (Chrisman & Patel, 2012), or exit strategies (DeTienne &Chirico, 2013). One of the strategic decisions where this theoretical approach has been applied is in the decision process for a firm's internationalization (Alayo et al., 2021; Arregle et al., 2012; Boellis et al., 2016; Liang et al., 2014). There is agreement in the literature (Aparicio et al., 2021) that there are differences between the internationalization strategies of family and non-family firms (Fernández & Nieto, 2006; Singla et al., 2014; Zahra, 2003), where the assumption is that the preservation of SEW leads to more conservative decisions (Boellis et al., 2016). While there is no consensus in the literature (Alayo et al, 2021; Pukall & Calabrò, 2014), most research proposes that family businesses have a lower international commitment than non-family businesses (Fernández & Nieto, 2006).

However, with few exceptions, most research has focused on the differences in the degree of internationalization of family and non-family firms (Fernández & Nieto, 2006; Singla et al., 2014), entry mode decisions (Boellis et al., 2016), or the location of foreign direct investment (FDI) (Lien & Filatotchev, 2015), while only a few studies have focused on internationalization pathways (Graves & Thomas, 2008; Olivares-Mesa & Cabrera-Suárez, 2006). However, international business research is beginning to turn its attention to the time-related issues of the internationalization process (Eden, 2009; Vermeulen & Barkema, 2002; Welch & Paavilainen-Mäntymäki, 2014). In this context, the speed of the process is attracting the interest of a number of researchers (Acedo & Jones, 2007; Arenius et al., 2015; Casillas & Acedo, 2013; Casillas & Moreno-Menendez, 2014; Chetty et al., 2014; Hilmersson & Johanson, 2015; Prashantham & Young, 2011). Autio et al. (2000, p. 909) define the speed of internationalization as the "speed of a firm's subsequent international growth (how rapidly it increases international sales once the initial commitment has been made)." Two lines of research dominate the recent literature on the speed of internationalization. Some authors analyze the effect of speed on a firm's performance (Chang & Rhee, 2011; Hilmersson & Johanson, 2015; Mohr & Batsakis,

2016), while others investigate the antecedent of the speed of the internationalization process (Casillas & Moreno-Menéndez, 2014; Prashantham & Young, 2011; Schu et al., 2016).

Our research follows this second line, bringing previous findings on the effect of SEW on a family firm's decision to internationalize to the conversation about the antecedent of the internationalization speed. We pursue to deal with the research gap about the determinants of the speed of export behavior of family businesses. We propose that family firms do not necessarily internationalize *less* than non-family businesses, but rather, they do it *more slowly*. There is no 'glass ceiling' for family firms with regard to the extent of internationalization —some of the largest multinational companies (MNCs) are family businesses (Carr & Bateman, 2009), such as Ford and Koch Industries in USA, Samsung and Toyota in Asia, or Bosch and Exxor in Europe. However, SEW negatively influences the speed of internationalization in family firms, as they control international risk through a process of trial and error, learning from past decisions and avoiding any hasty decisions. As a consecuence, when comparing firms of similar ages, family firms tend to be less international than non-family firms. In other words, family firms need more time to reach the same degree of internationalization than non-family firms.

In this study we will focus on the export development process, in order to avoid the mixed effect of export versus FDI. Export development used to be seen as the first stage of internationalization (Leonidou & Katsikeas, 1996). Taking the SEW approach, we propose and demonstrate that family firms expand their exports more slowly than non-family firms for three main reasons, all of which are rooted in the role of SEW. Firstly, family firms have a long-term orientation (LTO) (Lumpkin & Brigham, 2011; Lumpkin et al., 2010), which has some advantages in terms of the so-called "patient capital" (Sirmon & Hitt, 2003). Secondly, family businesses prefer investments that avoid any risk to SEW (Berrone et al., 2012; Zahra, 2003), although the economic perspectives may not be the most appropriate ones. And finally, family businesses lack the high-level resources to protect their independence from external agents. Our research also makes a methodological contribution with regard to measuring the speed of the export development process. Speed is defined as the relationship between a distance and time (Casillas & Acedo, 2013). There are two alternatives for measuring speed: (1) fixing the time and measuring the distance —e.g. the growth of an internationalization variable over the course of a year or a decade; and (2) fixing two events (distance) and measuring the time between them,

e.g. age at entry, which is the time between the firm's inception (event 1) and its first international activities (event 2). We use the first method, tracking the increase in exports from one year to the next, but introducing a new methodological control. An increase in exports depends on the firm, but also on the industry and the economic cycle, which are also performance variables (Rumelt, 1991). To our knowledge, our study is the first to measure speed as the increase of an international variable (export) that has been relativized by the industry growth of the same variable.

Finally, international expansion used to be related to the firms' demographic characteristics, such as size or age (Bonaccorsi, 1992) and to past international behaviour, such as a path-dependent process (Mathews & Zander 2007; Teece et al., 1997; Welch & Paavilainen-Mäntymäki, 2014). We demostrate that a family firm's slower export development process is not affected by these characteristics (size, age, and previous export intensity and export volume), which improves the consistency of our results.

## 2. Theoretical Background

### 2.1. Speed of internationalization

International business literature has traditionally focused on entry mode decisions and market selection, while the aspect of time has largely been neglected (Eden, 2009), even when there was a consensus on the view of internationalization as a dynamic process (Bilkey & Tesar, 1977; Cavusgil, 1980; Czinkota, 1982; Johanson & Vahlne, 1977; Johanson & Wiedershein-Paul, 1975; Reid, 1981). The emergence of the international entrepreneurship approach, bringing the phenomenon of born-global firms and international new ventures to the fore, reminded academics of the relevance of time, by identifying firms that are able to access foreign countries *"earlier"* than expected. However, until this century, there had been little research into the timing, pace, and speed of internationalization, once that process is underway. Following the publication of some initial papers (Autio et al., 2000; Jones & Coviello, 2005; Vermeulen & Barkema, 2002), the speed of the internationalization process is now attracting increasing attention (Casillas & Acedo, 2013; Casillas & Moreno-Menendez, 2014; Chang & Rhee, 2011; Chetty et al., 2014; Hilmersson & Johanson, 2015; Prashantham & Young, 2011), and the "process" view is returning to the study of the internation-

alization process (Reuber et al., 2017; Welch & Paavilainen-Mäntymäki, 2014).

The inclusion of time in the study of the internationalization process requires an analysis of internationalization speed. The concept of speed is defined as the relation between a particular distance and time (Casillas & Acedo, 2013; Chetty et al., 2014). As we indicated earlier, speed can be conceptualized in two ways: by establishing a time period (e.g., one year, a decade, etc.) and studying the advance or retreat of the internationalization process; or by fixing two consecutive events[1] and referring to the time between them (Jones & Coviello, 2005). There are two types of speed in the field of internationalization: (a) speed of entry (age at entry), which is the time that elapses between the founding of the firm and the commencement of international activities; and (b) the speed of the internationalization process (post-entry speed), which is the speed at which the firm's international expansion process is rolled out once it is underway (Autio et al., 2000). These two speeds are separated by one particularly important event: the moment of the implementation of the first international behavior (Jones & Coviello, 2005). Age at entry is a clear example of measuring speed by fixing events, whereas two pieces of cross-sectional empirical research at different dates is a way to consider speed by fixing time (Chetty et al., 2014; Hilmersson & Johanson, 2015). Speed can be positive or negative —internationalization *versus* de-internationalization (Benito & Welch, 1997), and it should not be considered as constant or linear over time, due to potential changes in the internationalization speed —acceleration (increasing speed) *versus* deceleration (decreasing speed) processes. For this reason, study of the speed of the internationalization process requires long periods of time (in order to avoid contingent relationships in specific years) that should be divided into shorter intervals in order to capture changes in speed over time.

A final point to consider here is that speed is a multidimensional concept, as it is the internationalization process *per se,* based on the three dimensions of international behavior: extent (or degree), breadth (or scope), and speed (time) (Casillas & Acedo, 2013; Eden, 2009). These dimensions can be referred to as different entry modes, such as exports, international alliances, joint-ventures, FDI, foreign acquisitions, etc. All of these modes are connected, making international expansion a complex process (Hashai, 2011). For example, firms used to make a per-

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[1] Allport (1940) defines an event as the point in space and time where entities or entity actions contact, encounter, or meet each other. For a comprehensive analysis of an event-oriented approach, see also Morgeson, Mitchel and Liu (2015).

manent entry into a new country by means of a subsidiary once the firm was exporting a high volume of its product to that country, thereby reducing transport and logistical costs (Johanson & Vahlne, 1977). Our research therefore focuses only on exporters with no foreign subsidiaries or international FDI. Although family business exporters may differ in their international behavior, we reduce the heterogeneity of the firms derived from the use of different modes of operations (Reuber et al., 2017).

## 2.2. Socio-emotional wealth and the speed of export development

The SEW perspective emphasizes the role of non-economic goals and explains how family owners and managers are connected to their businesses. Family businesses produce both economic and non-economic performance, but, when there is conflict between the two, they prioritize the non-economic outcomes (Gómez-Mejía et al., 2007). Evidence suggests that family businesses take decisions that are oriented first towards preserving SEW and second, towards optimizing their financial or economic utilities (Gómez-Mejía et al., 2011). This phenomenon has been demonstrated in relation to different types of strategic decisions, such as diversification (Gómez-Mejía et al., 2010), innovation behavior (Nieto et al., 2015), new technology adoption (Souder et al., 2016), R&D investment (Chrisman & Patel, 2012), exit strategies (DeTienne & Chirico, 2013), business failure (Revilla et al., 2016), or succession (Wiklund et al., 2013), among others. The internationalization process has been also analyzed from the SEW perspective (Banalieva & Eddleston, 2011; Boellis et al., 2016; Pukall & Calabrò, 2014).

The influence of the dominance of SEW preservation on the speed of the internationalization process through export development can be attributed to three different aspects: (1) the time-perspective of family businesses, and more specifically, the role of LTO on decision-making; (2) the greater risk aversion of family firms oriented towards ensuring SEW for the next generation (legacy); and (3) a greater desire for independence (from external agents such as banks, governments, or even external managers), that requires a lower number and quality of resources (mainly financial and human resources). We will describe these processes in greater detail in the following paragraph.

## 2.3. Family firms, LTO and export development speed

Family firms have a different temporal perspective to non-family firms, which may affect their decision-making processes and results (Le Breton-Miller & Miller, 2006). This alternative perception

of time has been described in the literature under a variety of names (long-term focus, Narver & Slater, 1990; long-term horizon, James, 1999; extended time horizon, Zellweger, 2007; LTO, Chrisman & Patel, 2012). Similarly, other authors refer to transgenerational entrepreneurship processes (Jaskiewicz et al., 2015) or transgenerational value creation (Zellweger et al., 2011). The basic premise is that family firms develop a longer temporal framework, which tends to extend beyond the current owners and directors. The objectives of the family firm prioritize long-term survival over short-term profit (Kotlar & De Massis, 2013), developing a business culture within family firms in which the long-term future plays a greater role than in non-family firms. This LTO among family firms (Lumpkin & Brigham, 2011; Lumpkin et al., 2010) can be seen in their orientation towards continuity, futurity, and perseverance (Brigham et al., 2015), such that the owners of these companies provide patient capital for potential investments (Sirmon & Hitt, 2003).

The outcome of this desire to preserve SEW is the predominance of a governance model based on a stewardship focus, rather than on the traditional agency models generally adopted by non-family firms (Eddleston & Kellermanns, 2007). Family managers find fewer financial incentives for rapid growth and internationalization, receiving more compensation from dividends (depending on long-term value of the firm) than from their (short-term) salary (Singla et al., 2014). In this context, LTO encourages slow decisions, with no expectations of rapid performance in the short-term. Family managers tend to work for the next generation and not for the following day, as some public companies do, so their long-term strategies develop gradually (Jaskiewicz et al., 2015). As Pukall and Calabrò (2014) propose, following a literature review process, family firms' internationalization process is very similar to the stage model from the Uppsala researchers (Johanson & Vahlne, 1977), demonstrating a gradual process of incremental decisions over time. Those authors explicitly argue that: "family firms internationalize slower, but in the long-run to a same degree than non-family firms" (Pukall & Calabrò, 2014, p. 119). The main difference between family and non-family businesses is not a question of "how much", but about "how fast". In summary, the LTO of family firms leads to slower decision-making about the internationalization process and, as a consequence, the speed of the export development process is expected to be lower than among non-family businesses.

## 2.4. Family firms, risk aversion and export development speed

Preserving SEW in family firms requires a clear orientation to avoid any decision that could po-

tentially put SEW at risk. Related to this argument, a family business' main objective is to transfer its legacy to the next generation and family managers therefore avoid any potential risk. As Souder et al. (2016) state, following this logic, "decision makers tend to take fewer risks when things are going well" (p. 1778). However, family businesses are able to take radical decisions when business survival is at risk (Gómez-Mejía et al., 2010; Wiseman & Gómez-Mejía, 1998). There is another reason for avoiding risk in a family firm, apart from LTO: a potential failure would clearly affect family-members' reputation and it involves social, psychological and emotional costs (Revilla et al., 2016; Ucbasaran et al., 2013), because failure has been attributed to poor management. Potential underperformance or failure affects a family's social capital (Arregle et al., 2007), given that family firms used to have strong links with their local communities and demonstrated a higher regional orientation (Banalieva & Eddleston, 2011). Some researchers therefore recognize that family businesses would prefer not to gain too much but, in order to survive, would accept lower "performance thresholds" (DeTienne & Chirico, 2013; Gimeno et al.,1997).

Internationalization theories point out that risk is the main determinant of decision-making in the internationalization process. The Uppsala model (Johanson & Vahlne, 1977; Johanson & Wiedersheim-Paul, 1975) and the innovation model (Bilkey & Tesar, 1977; Cavusgil, 1980; Czinkota, 1982; Reid, 1981) assume that the sequential nature of the internationalization processes is due to the firm's desire to minimize the inherent risk of entering unknown —and therefore uncertain— markets. This argument is especially appropriate in the case of family businesses, as Pukall and Calabrò (2014) point out. Family businesses prefer to increase their internationalization through a process of trial and error, evaluating and learning from the outcomes of previous decisions (Eriksson et al., 1997, 2000). At the same time, a slower international expansion allows family decision-makers to legitimize their decisions in relation to the family, through previous good export performance, when they are testing their role as stewards (Jaskiewicz et al., 2015). In summary, risk aversion in family business encourages the slow adoption of decisions relating to the internationalization process and, consequently, a lower export development process speed than for non-family businesses.

## 2.5. Family firms, a lack of resources and export development speed

Family firms are by definition independent organizations and their decisions are oriented towards protecting this characteristic. For example, with regard to financial resources, only a small propor-

tion of family firms are public; most of them will avoid losing control of ownership to large capital providers (Cruz et al., 2021) and refuse high levels of debt from banks or other financial companies (Souder et al., 2016). Something similar occurs in relation to human capital: family firms prefer to select managers and board members from the family, despite the potential adverse consequences of nepotism (Schulze et al., 2001). Family involvement is a characteristic that defines this type of company (Astrachan & Shanker, 2003) and has both positive and negative impacts on the internationalization process (Boellis et al., 2016; Sciascia et al., 2013).

As noted above, one consequence of family firms' desire for independence of is the lack of resources. Since the seminal work by Edith Penrose (1959), it has been recognized that firm growth is limited by its access to resources, particularly those that Penrose calls managerial resources. This idea has been supported in later investigations from the resource-based view of the firm (RBV). For example, in their review of firms' growth strategies, Wiklund et al. (2009) state that "firm resources and managers' personal attitudes directly and/or indirectly influence the growth of small businesses" (p. 351). International expansion is almost always a growth process, and therefore faces the same barriers as those to domestic growth, as well as the barriers that are specific to the international environment. Internationalization requires managers who are capable of rolling out the process. The role of management teams (TMT) in the internationalization of their businesses has been widely studied (Ditchl et al., 1990; Reuber & Fischer, 1997), as has its importance in the internationalization of family firms (Segaro, 2012; Segaro et al., 2014).

Family firms in which the family wishes to maintain control tend to have fewer managerial and financial resources to dedicate to their internationalization (Pukall & Calabrò, 2014), which slows down this process, as Penrose observed more than fifty years ago (1959). Firstly, these firms do not generally have managerial resources, or the required knowledge or experience of international business (Segaro, 2012); Fernández and Nieto (2006) state that family firms usually have a low number of qualified staff. Secondly, the owning family's desire for financial control is reflected in their efforts to maintain the greatest possible financial autonomy, avoiding excessive debt and entry into new capital partnerships (Gallo & García-Pont, 1996). In summary, the scarcity of resources leads to slow decision-making about the internationalization process and, consequently, the speed of the export development process is lower than among non-family firms.

LTO, risk aversion and lack of resources are the result of the family firm's desire to preserve their

SEW, putting non-economic goals ahead of financial performance. We therefore propose that the internationalization process for family businesses will be slower than the same process for non-family businesses, specifically in the export development process, and we put forward the following hypothesis:

*Hypothesis: The export development process of family firms is slower than the export development process of non-family firms.*

We also propose that this hypothesis is valid regardless of a firm's size, age, or degree of internationalization. Previous literature has found that international commitment depends on the firm's characteristics, outlined above (Bonaccorsi, 1992; Calof, 1994; Jones & Coviello, 2005), and has also identified a relationship between the proportion of family businesses and the variables described (Casillas et al., 2015). It is not therefore unreasonable to expect some form of relationship moderation. This interaction effect would show that the lower speed of the export development process in a family firm depends on its characteristics, with a higher or lower intensity for larger, older, and more international firms. Our hypothesis proposes the opposite; that the family nature of businesses will always slow down the export development process, regardless of size, age or previous export behavior.

## 3. METHOD

### 3.1. Data collection
The source of our data is the Survey of Business Strategies (SBS), generated by the Spanish Government. This is a firm-level database and a representative sample of Spanish manufacturing firms with more than 10 employees. The validity of the sample is achieved by adopting a combination of exhaustive criteria and random sampling. Two groups were established: in the first group all of the firms with over 200 employees were invited to participate, and the second group consisted of firms with 10-200 employees that were selected through stratified sampling. This survey has been used in prior studies, since it encompasses various aspects of Spanish firms' strategic behavior and international activities (Fernández & Nieto, 2006; Golovko & Valentini, 2011). Due to the issue of the availability of some variables of our research, we have taken information from 2006 to 2014. We only included exporting firms with no foreign subsidiaries, in order to work with a homogeneous sample, and to avoid mixing exporting firms with MNCs. The average number of firms per year is 1,033 (ranging from 849 in 2014 to 1,172 in 2010), with a total of 9,303 observations (firm-year). We

do have information relating to the year 2005 (except for the independent variable), so growth variables are available from the first year (2006). We have also controlled for outliers, removing those firms whose speed of export development is greater than 200 per cent in a single year (35 cases).

### 3.2. Variables
#### 3.2.1. Dependent variable
As stated above, speed can be measured as a ratio between a distance and time, with either the former or the latter being fixed. In our case, we fixed the time - one year. We used the percentage increase in export volume as a measure of the distance between two consecutive years: (Export volume j - Export volume i) / Export volume i. We have used export volume rather than export intensity (the ratio between export volume and total sales) because a ratio is right-censored, as a percentage, so being closer to 100 per cent it is more difficult to sustain growth, compared being closer to 0 per cent. We have also relativized export development speed to the total increase in export volume for each industry and year, with 20 different industries included in the survey. By deducting the industry-year growth of export volume we can be sure that we are measuring the speed of the export development process at the firm-level.

#### 3.2.2. Independent variable
The survey asks if a family group is actively involved in the company, controlling ownership and participating in management. These are the two principal characteristics for identifying a family firm (Astrachan & Shanker, 2003; Boellis et al., 2016; Fernández & Nieto, 2006). It is a binary variable, ascribing the value of 1 to a family firm and 0 to non-family firms and has been used in previous studies (Fernández & Nieto, 2006; Nieto et al., 2015). The distribution between family and non-family firms is nearly balanced, with 5,268 observations (56.63%) corresponding to non-family businesses and 4,035 (43.37%) to family businesses.

#### 3.2.3. Control variables
We include seven control variables in our models that might influence the speed of a firm's export development process. First, we controlled by *firm size*, which has a demonstrable influence at the international stage of companies and even on export commitment (Bonnacorsi, 1992; Calof, 1994). Firm size was taken to be the number of employees in the year before the growth period, measured by the dependent variable —increase in export volume. In order to satisfy the normality condition for regression analysis, we used this number as the logarithm (Log Size i). Second, we controlled by *firm age*. Firm age encompasses a

number of different characteristics that can influence the speed of the export development process, including international experience (Eriksson at al., 1997; 2000), the amount and typology of resources generated over time (Barney, 1991; Tan & Mathews, 2015), or the impact of past history (Teece et al., 1997). Like size, the firm's age was measured as the logarithm of the year prior to the growth in export volume (Log Age i). Third, according to the path-dependent perspective (Teece et al., 2007), past export commitment can potentially influence subsequent decisions for export growth. For this reason, we have included two different control variables: export volume before growth, measured in log-form (Log Export volume i); and export intensity —year i— which is usually applied as a measure of export commitment or export performance (Bonaccorsi, 1992; Chang & Rhee, 2011; Hilmersson & Johanson, 2015; Sleuwaegen & Onkelinx, 2014). Financial performance was also included as a control variable, using the Return on Asset —ROA i (Chang & Rhee, 2011; Singla et al., 2014), and R&D intensity —year i— as the ratio between R&D expenditures and total sales, to measure firms' innovative behavior and technological development, given the demonstrated relationship between innovation and internationalization strategies (Golovko & Valentini, 2011; Kumar, 2009; Singla et al., 2014). Finally, we controlled by capacity slack (capacity slack i), measured as the percentage of under-used capacity, as this could be an incentive for going abroad to seek new opportunities to improve resource efficiency.

### 3.3. Statistical model

We use cross-sectional time-series regression models with a common first-order auto-regression AR(1) structure. Our panel covers nine years and is unbalanced. This specification is appropriate for panels where observations are not equally spaced over time (Baltagi & Wu, 1999). Prior to selecting

this model, we tested for pooled models using the Breusch-Pagan test and Restrictive F of Lagrange test. The results reject pooled analysis compared to the fixed effect model but not the pooled analysis compared to the random effect. Furthermore, the Hausman test recommends the application of a fixed effect model. However, using the Wooldridge test to control for serial correlation we saw that there were auto-correlation problems, and so we used a model with first-order auto-regression AR(1). Using this instrument we discarded firms with only one year's-worth of data, but the panel had a sufficient number of firms with two or more years to return robust results. We first estimated the model using only the control variables, and subsequently included the independent variable.

### 4. Results

Table 1 describes the variables for the whole sample and then the same variables, splitting the sample into two groups: family and non-family firms. In this table, we have not altered any variables, to enable a clear understanding of the characteristics of the firms. The average number of employees is over 200, with family firms being smaller than non-family firms (136 versus 256 employees). However, both sub-samples are homogeneous with regard to firm age, with an average of 32 years. There are few differences in ROA, R&D intensity, or capacity slack. However, family firms show a lower volume of exports (measured in euros), and slightly lower export intensity than non-family firms. As for the dependent variable, we can see that family businesses have a lower export development speed, in line with our hypothesis. Table 2 shows the zero-order correlations among the variables in the models. With the exception of the high correlation between export volume with two variables: firm size and export intensity, all correlations are below 0.3. However, all variable inflation factors are below the threshold of 5 (see Table 1).

**Table 1.** Descriptive statistics

| | Total Sample Observations: between 7,517 & 7,846 | | | | Family Firms Observations: between 3,260 & 3,357 | | | | Non-Family Firms Observations: between 4,257 & 4,489 | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | Mean | s.d. | Min | Max | Mean | s.d. | Min | Max | Mean | s.d. | Min | Max | VIF |
| Employees | 203.55 | 474.18 | 1.00 | 8840 | 136.22 | 309.87 | 1.00 | 8840 | 253.90 | 561.52 | 1.00 | 7529 | 2.70 |
| Age | 32.61 | 19.99 | 1.00 | 141 | 32.28 | 18.05 | 2.00 | 119 | 32.85 | 21.31 | 1.00 | 141 | 1.05 |
| ROA | 0.38 | 0.30 | 0.00 | 12.07 | 0.37 | 0.25 | 0.00 | 3.26 | 0.40 | 0.34 | 0.00 | 12.07 | 1.07 |
| R&D / Sales | 0.95 | 2.76 | 0.00 | 76.02 | 0.95 | 2.80 | 0.00 | 76.02 | 0.95 | 2.73 | 0.00 | 61.051 | 1.02 |
| Capacicty slack | 76.27 | 16.99 | 2.00 | 100 | 74.79 | 17.24 | 8.00 | 100 | 77.38 | 16.72 | 2.00 | 100 | 1.05 |
| Export intensity | 28.13 | 28.53 | 0.10 | 99.9 | 26.57 | 27.24 | 0.10 | 99.9 | 29.29 | 29.42 | 0.10 | 99.9 | 1.82 |
| Export volume[1] | 28.10 | 162.00 | 0.05 | 6740 | 14.30 | 130.00 | 0.05 | 6740 | 38.40 | 182.00 | 0.07 | 4390 | 3.97 |
| Export speed | 2.14 | 47.76 | -1.09 | 1.99 | 1.04 | 8.67 | -1.09 | 1.99 | 5.97 | 137.47 | -1.09 | 1.99 | n.d. |

[1] In million of euros

**Table 2.** Correlation matrix

|   | Variables | 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 | 9 |
|---|---|---|---|---|---|---|---|---|---|---|
| 1 | Export speed | 1.00 | | | | | | | | |
| 2 | Employees | -0.02 | 1.00 | | | | | | | |
| 3 | Age | -0.02 | 0.26 | 1.00 | | | | | | |
| 4 | ROA | 0.00 | -0.14 | -0.09 | 1.00 | | | | | |
| 5 | R&D / Sales | -0.01 | 0.13 | 0.02 | -0.04 | 1.00 | | | | |
| 6 | Capacicty slack | 0.01 | 0.17 | -0.02 | 0.06 | 0.02 | 1.00 | | | |
| 7 | Export intensity | -0.02 | 0.19 | 0.08 | -0.02 | 0.10 | 0.08 | 1.00 | | |
| 8 | Export volume | -0.01 | 0.75 | 0.24 | -0.20 | 0.12 | 0.18 | 0.55 | 1.00 | |
| 9 | Family firm | -0.01 | -0.18 | 0.01 | -0.04 | 0.00 | -0.09 | -0.06 | -0.16 | 1.00 |

Table 3 sets out the regression results of the fixed effect with AR(1). The first model is the baseline model, containing only the control variables (CV), while model 2 includes family as the predictor variable (IV) of the speed of the export development process (DV). The F-wald statistic in both models shows statistical significance, with p-value< 0.001, and the rho statistic above 0.830 justifies the use of panel data rather than pooled analysis, capturing the internal heterogeneity of the data. The R-squared (>0.250) is not very high, indicating that there should be other explanatory variables for the speed of the export development process. This was to be expected, given that internationalization speed is a complex process, influenced by a number of internal and external variables, which are not investigated in our research. The number of individual observations (firm-year) is 5,845, relating to 1,348 different businesses. Some cases are excluded from the analysis (those with only one year of observations) when controlling for auto-correlation, but the number of years covered by the panel provides a sufficient overall number of observations.

No hypotheses were proposed regarding the effects of the control variables. However, Table 3 shows that size, age, and previous export activity have a significant influence on DV. Both size and age have a negative regression coefficient with a significance level above the 99 percent confidence level (p-value < 0.001). This result highlights the fact that smaller and younger firms increase their export volume faster than larger and older ones, supporting the argument that proposes some of the advantages of this type of firm in relation to learning (Autio et al., 2000). At the same time, previous export volume and export intensity are seen to have a positive impact on DV: in the first case with the significance level above 99 percent, and in the second, export intensity is above 95 percent (p-value = 0.035 in the baseline model and p-value = 0.030 in the final model). In other words, firms that are exporting now are the ones that continue to increase their export activities. In summary, the results show that small, young, and highly intensive exporters are faster exporters than large, old and low-intensity exporters. Finally, looking at the family influence on the

**Table 3.** Fix effect regression analysis with AR(1). General model

| DV: Export development speed | Model 1. Control variables | | | | Model 2. Independent variable | | | |
|---|---|---|---|---|---|---|---|---|
| | Coef. | SE | z | p > z | Coef. | SE | z | p > z |
| Employees | -0.283 | 0.052 | -5.460 | 0.000 | -0.284 | 0.052 | -5.500 | 0.000 |
| Age | -0.304 | 0.050 | -6.040 | 0.000 | -0.301 | 0.050 | -5.980 | 0.000 |
| ROA | 0.013 | 0.041 | 0.310 | 0.755 | 0.013 | 0.041 | 0.330 | 0.744 |
| R&D / Sales | -0.001 | 0.003 | -0.180 | 0.857 | 0.000 | 0.003 | -0.140 | 0.890 |
| Capacicty slack | 0.000 | 0.001 | 0.380 | 0.703 | 0.000 | 0.001 | 0.350 | 0.728 |
| Export intensity | 0.021 | 0.010 | 2.100 | 0.035 | 0.021 | 0.010 | 2.170 | 0.030 |
| Export volume[1] | 1.151 | 0.032 | 35.510 | 0.000 | 1.150 | 0.032 | 35.520 | 0.000 |
| Family | | | | | -0.076 | 0.030 | -2.550 | 0.011 |
| Constant term | 0.083 | 0.044 | 1.890 | 0.059 | 0.118 | 0.045 | 2.610 | 0.009 |
| Observations | 5845 | | | | 5845 | | | |
| Groups | 1348 | | | | 1348 | | | |
| R-squared | 0.252 | | | | 0.253 | | | |
| F-Wald | 216.00 | | | | 190.01 | | | |
| p-value | 0.000 | | | | 0.000 | | | |
| Rho_ar | 0.191 | | | | 0.191 | | | |
| rho | 0.831 | | | | 0.832 | | | |

Moreno, A. M., Castiglioni, M., Cobeña, M. M. (2021). The Influence of Socio-Emotional Wealth on the Speed of the Export Development Process in Family and Non-Family Firms. *European Journal of Family Business*, *11*(2), 10-25.

speed of the export development process, Model 2 shows a significant effect (p-value = 0.011) on the dependent variable, with a negative regression coefficient (ß = - 0.076). In fact, although significant, such a small coefficient is interesting *per se*, considering the theoretical basis of the proposed relationship, as it is close to being a non-result case (Bettis et al., 2014, 2016) that requires further theoretical reflection. Even so, our model supports our proposal that the export development process is slower for family firms that non-family firms, in line with the arguments derived from the SEW perspective, as a result of family firms' greater LTO, risk aversion and lack of resources.

## 4.1. Robustness check

To corroborate the results, we carried out additional estimations and statistical tests. First, we repeated the analysis and changed the dependent variable. We included the same measurement of speed but without the industry effect (DV'), calculating the speed of the export development process only by the percentage of export volume.

Our results confirm the same relationships[2]. Again, size and age have a negative and significant influence on DV', and prior export volume and intensity have a positive and significant impact on DV' (in all cases the p-value < 0.05). With regard to family influence, the statistical results are even clearer than the results shown in Table 3. When DV is not industry-corrected, the significance of the effect of the family nature of the firm on the speed of the export development process is higher (p-value = 0.007), with a ß = - 0.081.

As Tables 4 and 5 reflect, none of interaction effects reach a sufficient signification level for support that family control and management of the firm moderate the relationship between firm's size, age, export volume and export intensity on the speed of export development process (all p-value > 0.1). In the four models, independent effects remain significant at the same level and with a very similar Beta-coefficient than the original model (Table 3). In conclusion, family businesses show slower export development process, independently of their size, age, and prior export intensity.

**Table 4a.** Fix effect regression analysis with AR(1). Size and age effects

| DV: Export development speed | Model 3 Interaction between family & size | | | | Model 4 Interaction between family & age | | | |
|---|---|---|---|---|---|---|---|---|
| | Coef. | SE | z | p > z | Coef. | SE | z | p > z |
| Employees | -0.306 | 0.054 | -5.660 | 0.000 | -0.284 | 0.052 | -5.480 | 0.000 |
| Age | -0.300 | 0.050 | -5.960 | 0.000 | -0.287 | 0.052 | -5.480 | 0.000 |
| ROA | 0.013 | 0.041 | 0.330 | 0.742 | 0.014 | 0.041 | 0.340 | 0.732 |
| R&D / Sales | 0.000 | 0.003 | -0.130 | 0.898 | 0.000 | 0.003 | -0.150 | 0.885 |
| Capacicty slack | 0.000 | 0.001 | 0.330 | 0.742 | 0.000 | 0.001 | 0.340 | 0.734 |
| Export intensity | 0.021 | 0.010 | 2.120 | 0.034 | 0.021 | 0.010 | 2.170 | 0.030 |
| Export volume[1] | 1.152 | 0.032 | 35.550 | 0.000 | 1.150 | 0.032 | 35.520 | 0.000 |
| Family | -0.080 | 0.030 | -2.690 | 0.007 | -0.074 | 0.030 | -2.480 | 0.013 |
| Family x Size | 0.050 | 0.036 | 1.370 | 0.169 | | | | |
| Family x Age | | | | | -0.034 | 0.033 | -1.030 | 0.304 |
| Constant term | 0.125 | 0.045 | 2.750 | 0.006 | 0.117 | 0.045 | 2.590 | 0.010 |
| R-squared | 0.253 | | | | 0.253 | | | |
| F-Wald | 169.20 | | | | 169.04 | | | |
| p-value | 0.000 | | | | 0.000 | | | |
| Rho_ar | 0.191 | | | | 0.190 | | | |
| rho | 0.832 | | | | 0.832 | | | |

**Table 4b.** Fix effect regression analysis with AR(1). Export behavior effects

| DV: Export development speed | Model 5 Interaction between family & export intensity | | | | Model 6 Interaction between family & export volume | | | |
|---|---|---|---|---|---|---|---|---|
| | Coef. | SE | z | p > z | Coef. | SE | z | p > z |
| Employees | -0.284 | 0.052 | -5.490 | 0.000 | -0.284 | 0.052 | -5.490 | 0.000 |
| Age | -0.301 | 0.050 | -5.970 | 0.000 | -0.301 | 0.050 | -5.970 | 0.000 |
| ROA | 0.014 | 0.041 | 0.350 | 0.730 | 0.013 | 0.041 | 0.330 | 0.743 |
| R&D / Sales | 0.000 | 0.003 | -0.110 | 0.911 | 0.000 | 0.003 | -0.140 | 0.891 |

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[2] Complete results are available from the authors.

| DV:<br>Export development speed | Model 5<br>Interaction between family & export intensity | | | | Model 6<br>Interaction between family & export volume | | | |
|---|---|---|---|---|---|---|---|---|
| | Coef. | SE | z | p > z | Coef. | SE | z | p > z |
| Capacicty slack | 0.000 | 0.001 | 0.360 | 0.718 | 0.000 | 0.001 | 0.350 | 0.729 |
| Export intensity | 0.013 | 0.012 | 1.100 | 0.270 | 0.021 | 0.010 | 2.160 | 0.031 |
| Export volume[1] | 1.149 | 0.032 | 35.450 | 0.000 | 1.144 | 0.035 | 32.290 | 0.000 |
| Family | -0.085 | 0.031 | -2.790 | 0.005 | -0.075 | 0.030 | -2.530 | 0.011 |
| Family x Export intensity | 0.021 | 0.017 | 1.260 | 0.207 | | | | |
| Family x Export volume | | | | | 0.013 | 0.031 | 0.410 | 0.681 |
| Constant term | 0.121 | 0.045 | 2.680 | 0.007 | 0.119 | 0.045 | 2.620 | 0.009 |
| R-squared | 0.253 | | | | 0.253 | | | |
| F-Wald | 169.12 | | | | 168.89 | | | |
| p-value | 0.000 | | | | 0.000 | | | |
| Rho_ar | 0.190 | | | | 0.190 | | | |
| rho | 0.832 | | | | 0.832 | | | |

**Table 5.** Additional analysis (not for publication): GMM regression analysis

| DV: Export development speed | Model 1. Control variables | | | | Model 2. Independent variable | | | |
|---|---|---|---|---|---|---|---|---|
| | Coef. | SE | z | p > z | Coef. | SE | z | p > z |
| Lag DV | -0.032 | 0.008 | -3.860 | 0.000 | -0.033 | 0.008 | -3.870 | 0.000 |
| Employees | -0.639 | 0.498 | -1.280 | 0.199 | -0.721 | 0.499 | -1.440 | 0.149 |
| Age | -4.803 | 0.423 | -11.370 | 0.000 | -4.850 | 0.423 | -11.460 | 0.000 |
| ROA | 0.120 | 0.400 | 0.300 | 0.763 | 0.115 | 0.400 | 0.290 | 0.773 |
| R+D / Sales | 0.002 | 0.032 | 0.060 | 0.955 | 0.003 | 0.032 | 0.080 | 0.936 |
| Capacicty slack | 0.002 | 0.007 | 0.280 | 0.776 | 0.002 | 0.007 | 0.240 | 0.808 |
| Export intensity | -0.007 | 0.004 | -1.850 | 0.064 | -0.006 | 0.004 | -1.810 | 0.071 |
| Export volume[1] | 1.300 | 0.110 | 11.780 | 0.000 | 1.304 | 0.110 | 11.810 | 0.000 |
| Family | | | | | -0.607 | 0.300 | -2.020 | 0.043 |
| Constant term | -18.609 | 1.588 | -11.720 | 0.000 | -18.353 | 1.593 | -11.520 | 0.000 |
| Observations | 5991 | | | | 5991 | | | |
| Groups | 1395 | | | | 1395 | | | |
| # instruments | 56 | | | | 57 | | | |
| F-Wald | 332.46 | | | | 336.68 | | | |
| p-value | 0.000 | | | | 0.000 | | | |

Finally, using panel data is easy to face with potential endogeneity problems, due to future export growth could be related to past export developments. In order to deal with this issue, we repeated the analysis using generalized method of moments (GMM), suitable for cases with endogenous variables (Jean et al., 2016; Yi et al., 2013). We selected a robust method to estimate GMM regressions models, using the Sargan test to determine any over-identifying restrictions for all models. The main model[3] (and also the baseline model) is overall significant (F-Wald = 336.37; p-value<0.001), using 5,991 observations corresponding to 1,395 firms. The Sargan test (Blundell & Bond, 1998) confirms the validity of the instruments (p > 0.05). To control for potential multi-collinearity we ran the Arellano-bond test

(abond) satisfying the threshold recommended (p > 0.05). Results using a 1-year lag of DV support the negative (ß = - 0.607) and significant (p-value = 0.043) influence of being a family business on the speed of export development process.

## 5. Discussion and Conclusion

Our paper aims to explore the speed of the internationalization process in family and non-family firms. Interest in researching the "speed" of internationalization is growing for a number of reasons. The first reason is that new international firms have emerged, which undergo 'rapid' international expansion (Chetty et al., 2014; Jones et al., 2011; Knight & Cavusgil, 2004). Secondly, time has largely been neglected in decades of

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[3] Complete results are available from authors (see file with additional information for reviewers).

research (Eden, 2009), despite the "process" nature of internationalization (Welch & Paavilainen-Mäntymäki, 2014). And thirdly, because time cannot be analyzed simply as a context parameter; a place where things happen. Time influences decisions and there are unique relationships that are specifically connected to time. For example, learning is a process with a clear time connection (Casillas & Moreno-Menéndez, 2014), with phenomena such as time compression diseconomies (Jiang et al., 2014; Pacheco-de-Almeida, 2010). Most research has taken a variance approach, adopting cross-sectional methodologies, on the premise that "low" is similar to "slow". For example, with specific regard to family business, it is easy to find theoretical arguments oriented towards the sequential and gradual behavior of family firms, based on their "lower" level of internationalization than their non-family counterparts. We would argue here that a lower degree of internationalization only automatically reflects a slower internationalization process if all firms start the process at the same time.

Recent literature proposes that ownership is relevant (Cruz et al., 2021; Fitza & Tihanyi, 2017; Poza, 2021), specifically when a family group controls the ownership and when their members also perform a management role within the family businesses (Fernández & Nieto, 2006). Family firms incorporate SEW into their decision-making process, jointly, or even primarily, for economic objectives (Gómez-Mejía et al., 2007, 2011). This phenomenon has been identified in different strategic decisions (Detienne & Chirico, 2013; Gómez-Mejía et al., 2010; Souder et al., 2016), including internationalization (Pukall & Calabrò, 2014, for a review). All of the research shows that family firms seek to generate and preserve not only the economic welfare of their main shareholders, specifically family members (as dominant stakeholders), and also other, non-economic resources, which is embedded in the concept of SEW (Berrone et al., 2012; Gómez-Mejía et al., 2012; Miller & Le-Breton Miller, 2014).

We propose a single hypothesis: that family firms' international expansion is slower than non-family firms, based on the SEW perspective (Gómez-Mejía et al., 2007, 2011). We argue that the dominance of generating and preserving SEW in a family firm affects three different attitudes and the resource configuration within this type of business, creating a step-by-step decision-making process for internationalization. The first is the LTO of family firms (Lumpkin & Brigham, 2011; Lumpkin et al., 2010), whose aim is to pass on a legacy to the next generation. LTO gives some advantages in terms of "patient capital" (Sirmon & Hitt, 2003), and allows strategic behavior to be developed over an extended time-span, rather than focusing on immediate outcomes. The second is the family firm's attitude towards risk. The SEW literature shows that family firms are more risk-averse when performance is good, but they demonstrate a riskier behavior when there is a potential loss of SEW (Gómez-Mejía et al., 2010; Souder et al., 2016). According to the stage model approach (Johanson & Vahlne, 1977) the behavioral perspective argues that firms expand gradually to minimize the risks of internationalization. Like Pukall and Calabrò (2014), we argue that family firms fit well with the Uppsala propositions, which promote a slow international expansion process. Thirdly, preservation of SEW encourages family firms to configure their resources in a way that preserves their independence and avoids the control of external agents such as banks, financial providers or non-family decision makers - non family directors and CEO, external managers, and so on. As a result, family firms suffer from a lack of financial resources and human capital (Fernández & Nieto, 2006; Gallo & García-Pont, 1996; Segaro, 2012), which slows down the internationalization process.

Due to the intrinsic complexity of the internationalization process (Casillas & Acedo, 2013; Eden, 2009; Reuber et al., 2017), we have focused on the export development process. By selecting the simpler, initial stage of international expansion (Pukall & Calabrò, 2014), we avoid the heterogeneity arising from a mixture of exporters and MNCs. The empirical research is based on panel data on more than 1,000 Spanish exporters, for the period 2006-2014. To avoid the external influence of the various levels of international exposure in different industries, we have measured the speed of the export development process of the firms relativized by the average export growth of their respective industry. By doing this, we capture the firm-level dimension of speed, isolating it from the industry effect.

Our results support the proposed hypothesis. The speed of the export development process of family businesses is lower than the speed for non-family businesses, due to the effect of SEW, risk avoidance and lack of resources. However, the low level of the regression coefficient calls for new research questions regarding possible moderation effects or time-variable effects. We have also controlled the potential interaction effect of the demographic and the static export profile of the firms in the year prior to measuring their speed (Jones & Coviello, 2005). Our results show that, while the speed of the export development process is higher for smaller, younger and more international companies, there is no interaction effect between these variables and the family nature of the firm. In other words, the lower export development process speed among family

firms is not related to their size, age, or prior level of export intensity, but likely with the family nature and their specific role of SEW in their international decisions.

To summarize, our paper makes three new contributions to both the international business and the family business literature. Our first contribution is to the theoretical understanding of the determinants of the speed of export development in particular and, by extension, the speed of the internationalization process. We point out that ownership matters (Fitza et al., 2017) and explains the speed of international expansion. Our results show that family firms seek to preserve SEW, through their LTO and risk aversion, which slows down their international expansion process, and encourages a resource configuration in which financial and human capital are weaker than in non-family firms. Using these three mechanisms, family firms develop a step-by-step process, which "slowly" develops their export involvement, in accordance with the Uppsala proposal. Our second contribution deals with the concept of speed according to the accepted definition, in relation to one of the two possible alternatives. We conceptualize and measure speed as the change in a variable over a fixed period of time (Casillas & Acedo, 2013; Chetty et al., 2014), and we choose not to combine the different dimensions of speed (export intensity, market diversity and cultural distances, modes of entry, etc.) in order to extract small but clear conclusions, considering that there is evidence for different development pathways within the various dimensions of the internationalization process (Hashai, 2011). Thirdly, our paper makes a methodological contribution; as far as we know, we are the first to measure firm-level speed relativized by industry-level speed. Although the paper only proposes and tests one hypothesis, it does consider the potential joint effect of the family nature and other demographic characteristics of the firms, which also influence the speed of the export development process (prior size, age, and export intensity). We acknowledge that the research design is simple, but this is deliberately in order to make it easier to control for potential heterogeneities, facilitate interpretations and enable possible future replications (Bettis et al., 2016).

Like most studies, ours has limitations that could be seen as opportunities for future research. We have focused only on exporters, leaving out MNCs or other types of international operation, such as joint ventures, international alliances, foreign acquisitions, franchises, and so on. Our study is of a small part of the greater picture, gaining precision but losing perspective. Our measurement of the family nature of the firms can clearly

be improved. We were restricted by the amount of information provided by the panel data, but we acknowledge that not all family businesses are the same, and "familiness" should be considered more as a continuous variable (Astrachan et al., 2002), bearing in mind the level of ownership control and the involvement of the family group. Furthermore, we have only captured one dimension of speed (Casillas & Acedo, 2013), related to international commitment, and no other dimensions, such as the speed of market expansion or the speed of entry mode decisions. Context is also a limitation in our research; the analysis was focused on a single country (Spain) and over a specific time period (2006-2014), which included a period of financial crisis. This context might make it difficult to generalize the results.

However, these limitations open doorways to future research. With regard to the speed of the internationalization process, new investigations should extend the results to include more complex and developed modes of internationalization, using longitudinal datasets of MNCs, and international firms that adopt other modes of operation. At the same time, new research is needed to explain why the lower speed of family firms is less intense, and to analyze the potential moderation, curvilinear, and time-based effects. New methodologies could also be used for capturing dynamic processes such as speed. For example, the use of growth curves, temporal series, or dynamic models based on panel data might bring about some advances in research into the time of the internationalization process. It would also be relevant to consider speed not as a single concept, but to examine how it changes, and how changes within the determinants of speed (such as family control) can accelerate or decelerate the internationalization process. With regard to the family, more in-depth analyses of family processes and relationships are required. Dynamic processes, such as succession, training, the legitimization process for family members on boards and TMTs also exist at the family level, which have a potential impact on internationalization speed. And finally, there are new avenues to study the network approach in family firms and the speed of the internationalization process, and how family social capital can be used to accelerate or slow down the international expansion of firms.

In conclusion, basing our proposals on the SEW proposals, we compare the speed of the export development process in family and non-family firms. We consider three ways in which SEW influences the speed of export development among family firms: their LTO, risk aversion and lack of financial and human resources. These three processes work together to cause a slower rate of

export expansion in family firms compared to non-family firms. Our concept of speed is growth over a fixed period of time, and we have relativized its measurement to growth within the corresponding industry. In addition, we verify that the lower speed of export expansion among family firms is independent of their previous size, age, and export intensity level. The results support the SEW arguments and suggest new opportunities for advancing our understanding of the internationalization process over time.

## Acknowledgements

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