

# The Influence of Family Business on International Business in a Changing World: Evidence from South-East, Nigeria.

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## **Abstract**

*International business (IB) research has traditionally focused on multinational enterprises with dispersed ownership and professional management, often overlooking the dominant role of family-owned and family-controlled firms in emerging economies. In regions such as South-East Nigeria, family businesses represent a significant proportion of economic activity and are central to trade, investment, and employment generation. Despite their importance, their influence on international business remains insufficiently explored in mainstream IB literature.*

*This study examines the influence of family business on international business in a changing global environment, using evidence from South-East Nigeria. Specifically, it investigates how family involvement shapes internationalization strategies, governance structures, and firm performance amid increasing global uncertainty, digital transformation, and institutional complexity. Drawing on key theoretical perspectives, including socioemotional wealth and internalization theory, the study develops a conceptual framework that explains the unique strategic behavior of family firms in cross-border activities.*

*The findings highlight that family firms exhibit distinctive internationalization patterns characterized by cautious risk-taking, preference for control, long-term orientation, and reliance on informal networks such as kinship and apprenticeship systems. These attributes influence their ability to adapt to global changes, balance local embeddedness with international expansion, and sustain competitive advantage.*

*The study contributes to international business scholarship by integrating family business perspectives into core IB theory and providing context-specific insights from an emerging economy. It also offers practical implications for policymakers and business practitioners seeking to enhance the global competitiveness of family-owned enterprises in dynamic and uncertain environments.*

**Keywords:** *Family business, International business, Internationalization, Corporate governance, Global uncertainty, South-East Nigeria*

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## **I. Introduction**

International business (IB) research has historically concentrated on multinational enterprises (MNEs) characterized by dispersed ownership, professional management, and a dominant focus on shareholder value maximization. While this perspective has contributed significantly to the development of IB theory, it does not adequately capture the structure of firms in many emerging economies, particularly in regions such as South-East Nigeria, where family-owned and family-controlled businesses constitute the predominant form of enterprise. These firms play a central role in economic development by driving entrepreneurship, facilitating employment, and fostering regional and cross-border trade (Adeleye, White, & Boso, 2020; OECD, 2023).

Despite their economic significance, family businesses remain relatively underexplored in mainstream IB scholarship. They are often treated as deviations from conventional firm models rather than as important organizational forms capable of informing and enriching IB theory. This marginalization reflects an implicit assumption of ownership neutrality, which overlooks how ownership structures—particularly family involvement—shape firm behavior, governance, and internationalization strategies (Verbeke & Kano, 2016). In contrast to widely held corporations, family firms are influenced by unique characteristics such as socioemotional wealth preservation, long-term orientation, and the desire for transgenerational continuity, all of which affect their strategic decisions in international markets (Gómez-Mejía et al., 2007; Berrone, Cruz, & Gómez-Mejía, 2012).

The relevance of family business research to IB has become more pronounced in today's rapidly changing global environment. The contemporary business landscape is characterized by digital transformation, geopolitical uncertainty, institutional instability, and increasing sustainability concerns, all of which are reshaping internationalization pathways and competitive dynamics (Cuervo-Cazurra, Doz, & Gaur, 2020). For

family firms in South-East Nigeria, these changes present both opportunities and challenges, requiring them to balance traditional socio-cultural practices—such as kinship ties and informal governance—with the need for innovation, global integration, and strategic flexibility.

Furthermore, the socio-cultural context of South-East Nigeria, including indigenous entrepreneurial systems such as the Igbo apprenticeship model, significantly influences the formation, growth, and internationalization of family businesses. These culturally embedded systems shape managerial capabilities, resource mobilization, and succession practices, thereby affecting how firms engage in international business activities (Madichie, Nkamnebe, & Idemobi, 2008).

Against this backdrop, this study examines the influence of family business on international business in a changing world, using evidence from South-East Nigeria. Specifically, it seeks to explore how family involvement affects internationalization strategies, governance structures, and firm performance under conditions of global uncertainty. The study also aims to integrate family business perspectives into core IB frameworks, thereby contributing to a more context-sensitive and realistic understanding of firm behavior in emerging markets.

By bridging the gap between international business and family business research, this study provides theoretical and practical insights into how family firms navigate the complexities of globalization. It further highlights the importance of ownership structure, socio-cultural embeddedness, and institutional context in shaping international business outcomes in developing economies.

## II. Family Firms in International Business: Conceptual Foundations

### Defining Family Firms in an International Context

#### *Defining family firms across borders.*

Family firms are commonly defined as organizations in which a family exercises substantial ownership, governance control, and/or managerial involvement, alongside an intention to preserve the firm across generations (Chua, Chrisman, & Sharma, 1999; Zellweger, Nason, Nordqvist, & Brush, 2013). This definition, while widely accepted in the family business literature, becomes conceptually more complex when applied within international business (IB) research due to cross-country variation in legal systems, corporate governance regimes, inheritance laws, and socio-cultural norms shaping family involvement in firms (La Porta, Lopez-de-Silanes, & Shleifer, 1999; Aguilera & Crespi-Cladera, 2016).

In contrast to widely held multinational enterprises (MNEs), family firms are typically characterized by concentrated ownership structures, overlapping family and managerial roles, and personalized governance arrangements (Sirmon & Hitt, 2003; Miller & Le Breton-Miller, 2005). These attributes fundamentally influence strategic decision-making by shaping preferences for control, risk tolerance, time horizons, and commitment to foreign markets. Consequently, family firms' internationalization strategies often diverge from those predicted by conventional IB theories that assume ownership dispersion and professionalized management (Arregle, Naldi, Nordqvist, & Hitt, 2012).

Moreover, family influence is highly **context dependent**, varying systematically across institutional environments. In emerging and transition economies characterized by weak formal institutions, family ownership may substitute for market-supporting mechanisms by enabling trust-based coordination, relational contracting, and long-term investment (Khanna & Palepu, 2010; Carney, Gedajlovic, Heugens, Van Essen, & Van Oosterhout, 2011). Conversely, in developed liberal market economies with strong investor protections, family control may generate tensions between socioemotional priorities and pressures for professionalization and transparency (Bennedson & Nielsen, 2010; Aguilera et al., 2019).

These cross-national differences underscore that family firms should not be treated as a homogeneous category in IB research. Instead, they represent **heterogeneous organizational forms whose governance structures and strategic behaviors are deeply embedded in institutional and cultural contexts** (Verbeke & Kano, 2016). Recognizing this heterogeneity is essential for advancing ownership-sensitive IB theories that more accurately explain internationalization behavior, governance choices, and performance outcomes in a changing global environment.

### International Business in a Changing World: A Conceptual Model and Propositions

#### Conceptual Model Overview

International business in a changing world is shaped by interacting forces of **environmental turbulence, institutional complexity, digital transformation, and sustainability pressures** (Cuervo-Cazurra et al., 2020; Luo, 2021). These forces redefine the conditions under which firms internationalize and alter the mechanisms through which competitive advantage is created and sustained across borders. Building on international business theory, we conceptualize global change as an **exogenous contextual shock** that influences firms' international strategies through governance structures, strategic orientations, and adaptive capabilities.

The proposed conceptual model positions **global environmental change** as a primary contextual driver affecting internationalization outcomes. This relationship is mediated by firms' **strategic responses**—including

risk posture, governance choices, and international scope—and moderated by **organizational characteristics**, particularly ownership and governance structures. In line with calls for ownership-sensitive IB theory (Verbeke & Kano, 2016; Aguilera et al., 2019), the model highlights how different firm types respond heterogeneously to the same global pressures.

### **Global Environmental Change and Internationalization Strategies**

The contemporary global environment is characterized by heightened uncertainty arising from geopolitical tensions, regulatory fragmentation, and frequent economic disruptions. Such volatility alters the cost–benefit calculus of internationalization by increasing political risk, coordination costs, and exposure to institutional hazards (Henisz, 2016; Witt, 2019). As a result, firms increasingly adjust their entry modes, geographic scope, and pace of international expansion in response to perceived environmental threats and opportunities.

#### **Proposition 1:**

Global environmental change—manifested through geopolitical uncertainty, institutional fragmentation, and economic volatility—significantly influences firms’ internationalization strategies, including entry mode choice, international scope, and speed of expansion.

### **Digital Transformation as an Enabling Mechanism**

Digitalization reshapes international business by lowering transaction costs, reducing the need for physical presence, and enabling rapid cross-border scaling (Nambisan et al., 2019; Autio et al., 2021). Digital platforms and data-driven coordination mechanisms allow firms to internationalize under uncertainty by increasing flexibility and responsiveness. However, the strategic value of digitalization depends on firms’ ability to integrate digital technologies into existing organizational processes and governance systems.

#### **Proposition 2:**

Digital transformation mediates the relationship between global environmental change and internationalization outcomes by enabling more flexible, scalable, and resilient cross-border business models.

### **Institutional Complexity and Strategic Adaptation**

Institutional diversity remains a defining feature of international business, as countries exhibit divergent regulatory regimes, governance standards, and societal expectations (Kostova et al., 2020). In a changing world, firms face intensified legitimacy pressures and non-market risks, requiring adaptive strategies that balance global integration with local responsiveness (Buckley et al., 2017). Firms that can effectively navigate institutional complexity are better positioned to sustain international operations under uncertainty.

#### **Proposition 3:**

Institutional complexity moderates the impact of global environmental change on internationalization strategies, such that higher institutional distance amplifies the need for adaptive governance and localization.

### **Sustainability Orientation and Long-Term Value Creation**

Sustainability considerations increasingly shape international business strategies, influencing investment decisions, supply-chain governance, and stakeholder engagement (Luo, 2021; Buckley et al., 2017). In a changing world, firms are evaluated not only on economic performance but also on their ability to generate long-term societal value across borders. Sustainability orientation thus becomes a strategic lens through which firms interpret and respond to global change.

#### **Proposition 4:**

A strong sustainability orientation positively influences the relationship between internationalization strategies and long-term performance outcomes in volatile global environments.

### **Dynamic Capabilities and Strategic Resilience**

Dynamic capabilities—defined as the ability to sense, seize, and reconfigure resources—are central to firms’ capacity to adapt to global change (Teece, 2014). In turbulent international contexts, firms with well-developed dynamic capabilities are more likely to realign strategies, reconfigure value chains, and sustain competitive advantage despite environmental shocks.

#### **Proposition 5:**

Dynamic capabilities mediate the relationship between internationalization strategies and firm performance by enhancing strategic resilience in a changing global environment.

### **Integrative Logic of the Model**

Taken together, the conceptual model advances international business theory by emphasizing **contextual dynamism, strategic mediation, and organizational heterogeneity**. Rather than assuming stable environments and ownership-neutral behavior, the model highlights how global change reshapes internationalization through digitalization, institutional complexity, sustainability orientation, and dynamic capabilities. This framework provides a foundation for future empirical research and opens theoretical space for incorporating alternative organizational forms—such as family firms—into mainstream IB scholarship.

**Figure 1. Conceptual Framework: International Business in a Changing World**



Source: Author's Field Work 2026

**Figure 1.** *Conceptual framework of international business in a changing world.* The model illustrates how **global environmental change**—including geopolitical uncertainty, institutional fragmentation, economic volatility, and global shocks—shapes firms' **internationalization strategies** and subsequent **performance outcomes**. The framework highlights **digital transformation** and **dynamic capabilities** as **mediating mechanisms** through which firms adapt their strategies under uncertainty. **Institutional complexity** and **sustainability orientation** serve as **moderators**, influencing the strength and direction of these relationships. This model emphasizes that firms' responses to a changing global environment are contingent on their ability to leverage technology, reconfigure resources dynamically, and align international strategies with institutional and societal expectations.

### Theoretical Lenses: SEW, RBV, Institutions, and Dynamic Capabilities

Family firms operate under unique governance and strategic priorities that differentiate them from widely held multinational enterprises (MNEs). Understanding their international behavior requires integrating multiple theoretical lenses that capture both **family-specific objectives** and **firm-level capabilities**. Four complementary perspectives—**Socioemotional Wealth (SEW)**, **Resource-Based View (RBV)**, **Institutional Theory**, and **Dynamic Capabilities**—provide a robust foundation for explaining how family firms navigate international business in a changing world.

#### Socioemotional Wealth (SEW)

Socioemotional Wealth (SEW) refers to the **non-financial value family members derive from the firm**, including family control, identity, influence, emotional attachment, and intergenerational continuity (Gómez-Mejía, Haynes, Núñez-Nickel, Jacobson, & Moyano-Fuentes, 2007). SEW reflects **affective endowments and noneconomic goals** that shape how family owners evaluate strategic risks and define success, extending beyond purely financial motivations to include the **preservation of family legacy and influence**.

From a **behavioral and microfoundations perspective**, SEW introduces unique cognitive and emotional mechanisms into international decision-making. The prioritization of SEW can lead family firms to adopt **cautious internationalization strategies**, such as preferring foreign markets with cultural or institutional familiarity and using lower-commitment entry modes to protect family control and identity, especially under uncertainty (Berrone, Cruz, & Gómez-Mejía, 2012; Arregle et al., 2012). These patterns reflect underlying **risk perceptions and affective motivations** at the level of family owners—microfoundational processes that distinguish family firm behavior from conventional IB assumptions about rational, financial-maximizing decision makers (Felin, Foss, & Ployhart, 2015; see also special issue emphasis on microfoundations in IB research integrating OB and HRM insights).

At the same time, SEW can also motivate **proactive international strategies** when opportunities align with family reputation or legacy goals. For example, expansion into prestigious or strategically salient foreign

markets can enhance family status and reinforce long-term identity, prompting **bold cross-border investments** despite potential risk (Zellweger, Nason, & Nordqvist, 2012). Research drawing on the **behavioral theory of the firm** suggests that such strategic shifts may be triggered by performance aspirations and family owners' risk preferences, in which **SEW considerations interact with aspiration levels** to influence changes in international strategy (e.g., increased diversification when performance falls below aspirations).

Recent reviews of family firm internationalization within *Journal of International Business Studies* emphasize that advancing IB theory requires greater attention to **micro-level affective motivations and individual cognition**, including the emotional and psychological drivers that underlie family owners' strategic choices (Arregle et al., 2021). SEW provides a **behavioral anchor** for such microfoundational inquiry by explicating how family-specific values and emotions shape internationalization processes and outcomes.

By foregrounding SEW as both a **motivational construct** and a **microfoundational mechanism**, the framework helps explain not only **why family firms may be cautious or bold in international expansion**, but also how **individual-level preferences aggregate into firm-level strategic behavior** in response to global uncertainty. This alignment with behavioral and microfoundational lenses enriches IB theory and offers a pathway for future research on the **individual and emotional dynamics** that drive international business strategy.

### **Resource-Based View (RBV)**

The Resource-Based View (RBV) posits that firms achieve sustained competitive advantage by possessing resources and capabilities that are valuable, rare, imperfectly imitable, and non-substitutable (Barney, 1991). Within international business (IB) research, RBV has been central to explaining why firms differ in their ability to enter foreign markets, overcome liability of foreignness, and generate superior performance across borders (Peng, 2001; Verbeke, 2013). However, much of the IB literature implicitly assumes that strategic resources are organizationally neutral, downplaying how ownership structures shape the nature, deployment, and evolution of firm-specific advantages.

In family firms, resources are often deeply embedded in family involvement and governance, giving rise to what has been described as *familiness*—a unique bundle of idiosyncratic resources arising from the interaction between the family and the firm (Habbershon & Williams, 1999; Sirmon & Hitt, 2003). These resources commonly include tacit and firm-specific knowledge accumulated over generations, human capital rooted in long-term employee relationships, relational capital based on trust and social ties, and reputational assets associated with family identity and continuity (Miller & Le Breton-Miller, 2005; Zellweger et al., 2013). Such assets are particularly difficult for competitors to imitate because they are socially complex, causally ambiguous, and path dependent.

From an IB perspective, family-based resources can play a critical role in shaping internationalization strategies and outcomes. Trust-based relationships and relational networks may facilitate access to foreign partners, distributors, and financiers, reducing transaction costs and uncertainty in cross-border exchanges (Arregle et al., 2012). Deep experiential knowledge and long-term orientation can support incremental learning in international markets, enabling family firms to gradually build international capabilities despite initial resource constraints (Johanson & Vahlne, 2009). Moreover, a strong family reputation for reliability and stewardship may enhance legitimacy in host countries, partially offsetting the liability of foreignness (Banalieva & Eddleston, 2011).

RBV also complements the Socioemotional Wealth (SEW) perspective by explaining how family firms' non-financial goals translate into strategic capability development. A desire to preserve family control and legacy often encourages patient capital, reinvestment of earnings, and long-term capability accumulation rather than short-term profit maximization (Sirmon & Hitt, 2003; Zellweger et al., 2012). As a result, family firms may prioritize the protection and gradual deployment of core resources in international markets, favoring strategies that balance value creation with resource preservation.

At the same time, RBV highlights potential constraints associated with family-based resources. Excessive reliance on internally embedded capabilities may limit strategic flexibility and reduce the firm's ability to recombine resources in unfamiliar institutional environments (Verbeke & Kano, 2016). Thus, RBV provides a nuanced lens for understanding both the advantages and limitations of family influence in international business, emphasizing heterogeneity in how family firms leverage their resource endowments across borders.

### **Institutional Theory**

Institutional Theory emphasizes that firm behavior is shaped by the formal and informal rules, norms, and cognitive frameworks that structure economic and social interaction (Scott, 2014). In international business (IB), institutional theory has been central to explaining how firms respond to cross-national differences in regulatory systems, governance regimes, cultural norms, and legitimacy expectations when operating across borders (Kostova, Roth, & Dacin, 2008; Meyer, Mudambi, & Narula, 2011). However, mainstream IB

applications of institutional theory have tended to treat firms as organizationally homogeneous, often overlooking how ownership structures—particularly family ownership—condition firms' sensitivity and responses to institutional environments.

For family firms, the interaction between family governance and institutional context is especially salient. Family involvement in ownership and management introduces distinctive logics rooted in identity, continuity, and socioemotional priorities, which shape how institutional pressures are interpreted and acted upon (Gómez-Mejía et al., 2007). Rather than responding mechanically to institutional constraints, family firms often selectively conform to, resist, or substitute for formal institutions in ways that protect family control and legitimacy (Carney, 2005). This selective institutional engagement highlights the importance of ownership as a moderating force in institutional theory within IB.

A central concept in institutional IB research is *institutional distance*, defined as the extent of dissimilarity between home- and host-country institutional environments (Kostova et al., 2008). Institutional distance affects foreign market entry decisions, governance structures, and adaptation strategies by increasing uncertainty, compliance costs, and legitimacy challenges. For family firms, high institutional distance may amplify concerns related to loss of control, reputational risk, and socioemotional wealth, leading to more cautious internationalization paths, such as exporting or partnerships rather than full ownership (Arregle et al., 2012). Conversely, in institutionally similar environments, family firms may be more willing to commit resources and retain control.

Importantly, family firms often possess internal governance mechanisms and social capital that allow them to compensate for institutional voids, particularly in emerging and transition economies. Strong family ties, relational contracting, and long-term stakeholder relationships can substitute for weak legal enforcement, underdeveloped capital markets, and unreliable regulatory systems (Khanna & Palepu, 2010; Carney et al., 2011). These informal governance capabilities may enable family firms to internationalize into institutionally weak contexts where non-family MNEs face greater barriers.

In contrast, in highly regulated and transparent institutional environments—such as coordinated or liberal market economies—family firms may encounter pressures to professionalize management, dilute family control, or adopt standardized governance practices to gain legitimacy with external stakeholders (Aguilera & Crespi-Cladera, 2016). Such pressures can create internal tensions between maintaining family influence and conforming to host-country institutional expectations, influencing governance choices and subsidiary autonomy in international operations.

By integrating institutional theory with family business research, this perspective underscores that institutional effects in IB are not uniform but contingent on ownership structure and family influence. Family firms do not merely adapt to institutional environments; they actively interpret and navigate them through the lens of family goals, governance preferences, and transgenerational intent. This insight challenges institutional theory in IB to move beyond firm-neutral assumptions and incorporate ownership heterogeneity as a central explanatory dimension.

### **Dynamic Capabilities**

Dynamic capabilities theory explains how firms sustain competitive advantage in environments characterized by rapid change, uncertainty, and complexity by developing the capacity to *sense* opportunities and threats, *seize* opportunities through strategic action, and *reconfigure* resources to maintain alignment with shifting conditions (Teece, Pisano, & Shuen, 1997; Teece, 2014). Within international business (IB), dynamic capabilities are particularly salient, as firms must continuously adapt to cross-border institutional differences, technological disruption, geopolitical shocks, and evolving global value chains.

Family firms are often portrayed as conservative and risk-averse due to their desire to preserve socioemotional wealth (SEW). However, this view overlooks the distinctive governance and behavioral features that may foster dynamic capabilities. Concentrated ownership and centralized authority can accelerate strategic decision-making, reduce coordination costs, and enable rapid responses to environmental signals (Zahra, Neubaum, & Larrañeta, 2007). Moreover, family firms' long-term orientation and transgenerational intent encourage investments in learning, capability accumulation, and relationship-building that underpin adaptive capacity over time (Le Breton-Miller & Miller, 2016).

At the microfoundational level, dynamic capabilities in family firms are shaped by family owners' cognition, values, and emotional attachment to the firm. Family principals often possess deep firm-specific knowledge and strong identification with the organization, which can enhance opportunity sensing, particularly in niche or relationship-intensive international markets (Teece, 2014). At the same time, SEW concerns influence how opportunities are evaluated and seized, biasing decision-makers toward strategies that balance adaptability with the preservation of family control and legacy. This interaction helps explain why family firms may appear cautious in stable environments yet demonstrate remarkable agility in periods of disruption.

In international contexts, dynamic capabilities enable family firms to adjust entry modes, reconfigure governance structures, and realign global value chains in response to institutional volatility and geopolitical risk.

For example, family firms may initially internationalize through low-commitment modes but subsequently deepen their presence as learning accumulates and uncertainty declines. They may also reconfigure ownership arrangements, delegate authority to trusted family or non-family managers abroad, or exit markets that threaten family reputation or control. Such adaptive behavior challenges static models of internationalization and underscores the need to incorporate temporal and capability-based perspectives into IB theory.

Integrating dynamic capabilities with the resource-based view (RBV) and SEW offers a more nuanced explanation of family firm internationalization. While RBV highlights the possession of unique family-based resources and SEW explains goal preferences and risk sensitivity, dynamic capabilities account for how these resources and preferences are mobilized and transformed over time in response to changing international environments. This integrative perspective explains how family firms can simultaneously pursue long-term socioemotional objectives and engage in strategically agile international expansion, particularly under conditions of heightened uncertainty.

By foregrounding dynamic capabilities, this framework positions family firms as adaptive and strategically sophisticated actors in international business rather than as structurally constrained or path-dependent organizations. It also reinforces the argument that ownership structure and family influence are central to understanding heterogeneity in firms' adaptive responses to global change.

### **Integrative Perspective**

By combining these four lenses, we can explain the **heterogeneity of family firm behavior in international business**:

- **SEW** captures the family's influence on strategic priorities and risk tolerance.
- **RBV** identifies unique resources that confer international competitive advantage.
- **Institutional Theory** contextualizes the firm's behavior in varying governance and cultural environments.
- **Dynamic Capabilities** explain adaptation and learning under global uncertainty.

This integrative approach provides a **theory-driven foundation** for understanding how family governance, resources, institutional context, and capabilities interact to shape internationalization outcomes. It also **guides the development of propositions and empirical research**, linking family-specific dynamics to international strategy and performance.

### **3. Internationalization of Family Firms in a Changing World**

Family firms operate under distinctive governance priorities, resource endowments, and socioemotional objectives, which shape their internationalization behavior. The interplay between **risk preferences, governance structures, and environmental turbulence** creates patterns of international expansion that diverge from conventional multinational enterprises (MNEs). This section examines family firms' **entry mode choices, risk orientation, and governance challenges** in a changing global context.

#### **Entry Mode Choices and Risk Preferences**

Family firms typically exhibit **selective and cautious internationalization strategies**, favoring **exporting, strategic alliances, and joint ventures** over wholly owned subsidiaries (Arregle, Naldi, Nordqvist, & Hitt, 2012; Sharma & Chrisman, 1999). This pattern reflects a tension between **risk aversion and the desire to maintain control**, often driven by **socioemotional wealth (SEW) considerations** (Berrone, Cruz, & Gómez-Mejía, 2012). SEW encourages family firms to **protect family influence, reputation, and legacy**, even when such preferences constrain potentially higher financial returns.

In volatile or institutional void contexts—such as **emerging markets, post-crisis economies, or regions with high regulatory uncertainty**—family firms may leverage **relational governance, trust-based networks, and embedded social capital** to reduce uncertainty and facilitate internationalization (Arregle et al., 2012; Sirmon & Hitt, 2003). This strategy enables family firms to **enter markets that may deter non-family competitors** while maintaining **socioemotional and resource control**. Consequently, **entry mode selection is contingent not only on market factors but also on family-specific objectives**, highlighting the theoretical value of integrating SEW into international business models.

**Key Insight:** Family firms' risk preferences result in **gradual, relationship-driven internationalization**, which balances opportunity-seeking with the preservation of family control and reputation (Zellweger, Nason, & Nordqvist, 2012).

#### **Governance, Control, and Transnational Coordination**

International expansion introduces **governance and coordination challenges** for family firms, particularly due to **geographic dispersion, cultural differences, and information asymmetries** (Carney, 2005; Kostova, Roth, & Dacin, 2008). The involvement of family members in **key international subsidiaries** can strengthen **trust, decision-making speed, and alignment with family objectives**, thereby protecting SEW (Gómez-Mejía et al., 2007).

However, this **family-centric governance** can also create **tensions with professional management**, potentially limiting **local responsiveness, innovation, and adaptation to institutional requirements** (Chrisman, Chua, & Sharma, 2005). For example, centralized decision-making by family members may constrain subsidiary autonomy, while excessive delegation may dilute family control. This governance duality **challenges traditional IB assumptions** about optimal organizational structures and efficiency in international operations.

Integrating **institutional theory and dynamic capabilities** provides a framework to understand how family firms manage these trade-offs. By **adapting governance structures to local institutional conditions** and leveraging dynamic capabilities, family firms can **balance control, responsiveness, and performance**, even under high environmental uncertainty (Teece, 2014; Zahra, Neubaum, & Larrañeta, 2007).

**Key Insight:** Effective international governance in family firms requires **family-sensitive coordination mechanisms** that reconcile socioemotional priorities with professional management and institutional demands, enabling sustainable international expansion.

### **Internationalization Outcomes and Performance Implications**

Family firms' internationalization strategies generate **heterogeneous outcomes**, reflecting the interplay of **family-specific objectives, firm resources, governance structures, and institutional contexts**. Drawing on the conceptual framework (Figure 1), internationalization outcomes encompass both **economic performance** (e.g., revenue growth, profitability, market share) and **non-economic performance** (e.g., socioemotional wealth preservation, long-term family influence, and reputational capital).

### **Performance Implications**

**Economic Outcomes:** Family firms' careful entry mode selection and resource leverage influence **financial and strategic performance** in international markets. By exploiting **unique resources**—such as tacit knowledge, relational networks, and reputation (RBV)—family firms achieve **sustainable competitive advantage** even in volatile environments (Sirmon & Hitt, 2003; Arregle et al., 2012). Moreover, the presence of **dynamic capabilities**—sensing, seizing, and reconfiguring—enables family firms to **adapt strategies in response to institutional and market changes**, mitigating risks while capturing new opportunities (Teece, 2014; Zahra et al., 2007).

**Non-Economic Outcomes:** Family firms prioritize **socioemotional wealth (SEW)**, including family control, identity, and legacy preservation (Gómez-Mejía et al., 2007; Berrone et al., 2012). Internationalization strategies that preserve SEW—through alliances, joint ventures, or selective foreign investments—enhance **long-term family influence and reputation**, even when short-term financial gains are modest.

**Key Insight:** Performance outcomes in family firms are **dual-focused**, reflecting both **economic returns and socioemotional objectives**, which distinguishes them from non-family MNEs.

### **Linking Conceptual Framework to Performance**

In the conceptual framework (Figure 1), **global environmental changes** drive internationalization strategies, while **digital transformation** and **dynamic capabilities** mediate the relationship between strategy and outcomes. **Institutional complexity** and **sustainability orientation** moderate the strength and direction of these effects.

- Firms with **strong dynamic capabilities** and effective governance structures can **capitalize on environmental turbulence**, translating careful entry strategies into superior international performance (Teece, 2014).
- **Institutional distance** and regulatory complexity can **attenuate or amplify** performance outcomes, particularly for family firms whose governance structures are tightly coupled to SEW priorities (Kostova et al., 2008; Carney, 2005).
- **Sustainability-oriented strategies**—aligned with ESG priorities and stakeholder expectations—enhance both **financial performance and family legitimacy**, strengthening the long-term value of internationalization.

Thus, the framework predicts that **performance outcomes are contingent on the interaction of strategy, mediating mechanisms, and moderating conditions**, consistent with both RBV and SEW perspectives.

### **Propositions**

Based on the theoretical integration and the conceptual model, the following **propositions** are advanced:

**Proposition 1 (P<sub>1</sub>):** Family firms' internationalization strategies positively influence **economic and non-economic performance**, with the effect moderated by **institutional complexity**.

**Proposition 2 (P<sub>2</sub>):** **Digital transformation** mediates the relationship between internationalization strategies and performance outcomes, such that higher digital capability enhances both **financial returns and SEW preservation**.

**Proposition 3 (P<sub>3</sub>):** Dynamic capabilities mediate the effect of global environmental turbulence on internationalization performance, enabling family firms to **adapt, reconfigure, and exploit international opportunities** effectively.

**Proposition 4 (P<sub>4</sub>):** Sustainability orientation moderates the relationship between internationalization strategy and performance, strengthening outcomes when family firms integrate **ESG priorities** into international operations.

**Proposition 5 (P<sub>5</sub>):** Family governance mechanisms, as a reflection of SEW priorities, **moderate the risk-performance trade-off**, such that firms prioritizing family control favor cautious but sustainable internationalization paths.

These propositions **directly link the conceptual framework to testable relationships**, providing a robust foundation for future empirical research. They also integrate **family-specific dynamics**, bridging gaps in traditional IB models that assume ownership neutrality.

**Propositions and Conceptual Model Summary**

Building on the preceding sections, the conceptual framework integrates **family-specific dynamics, internationalization strategies, mediators, moderators, and performance outcomes**. The framework highlights how **socioemotional wealth (SEW), firm resources (RBV), dynamic capabilities, and institutional conditions** shape family firms’ internationalization in a rapidly changing global environment (Figure 1).

The previous section outlined five propositions (P1–P5) that link **internationalization strategies to performance outcomes** while incorporating mediating mechanisms (digital transformation, dynamic capabilities) and moderating conditions (institutional complexity, sustainability orientation, family governance). This section summarizes these propositions and maps them to their underlying theoretical lenses, providing a clear **roadmap for empirical testing**.

**Conceptual Model Summary**

The conceptual framework posits that:

1. **Global environmental changes** (geopolitical, economic, institutional, and technological shifts) shape family firms’ internationalization strategies.
2. **Internationalization strategies** influence both **economic and socioemotional outcomes**, including firm performance, long-term value, and SEW preservation.
3. **Digital transformation and dynamic capabilities** mediate the effects of environmental changes on internationalization outcomes.
4. **Institutional complexity, sustainability orientation, and family governance** moderate the strength and direction of these relationships.
5. **Theoretical lenses** provide complementary explanations for these dynamics:
  - SEW explains the family’s risk preferences and strategic priorities.
  - RBV identifies firm-specific resources that enable competitive advantage.
  - Dynamic capabilities explain adaptation under environmental turbulence.
  - Institutional theory contextualizes behavior within cross-national regulatory and normative frameworks.

**Table 1**  
**Mapping Propositions to Theoretical Lenses**

Proposition	Description	Theoretical lens	Rationale
1	Family firms’ internationalization strategies positively influence economic and non-economic performance, moderated by institutional complexity.	Socioemotional wealth and institutional theory	Socioemotional priorities shape risk preferences and strategic goals, while institutional complexity influences the feasibility and effectiveness of international strategies.
2	Digital transformation mediates the relationship between internationalization strategies and performance outcomes.	Dynamic capabilities and resource-based view	Digital and technological resources enable firms to reconfigure operations and enhance performance under changing environmental conditions.
3	Dynamic capabilities mediate the effect of global environmental turbulence on internationalization performance.	Dynamic capabilities	Sensing, seizing, and reconfiguring capabilities allow family firms to adapt strategies effectively under uncertainty.
4	Sustainability orientation moderates the relationship between internationalization strategy and performance.	Socioemotional wealth and institutional theory	Integration of environmental, social, and governance priorities enhances legitimacy, stakeholder trust, and long-term value creation.
5	Family governance mechanisms moderate the risk–performance trade-off, favoring cautious but	Socioemotional wealth and resource-based	Family control structures balance socioemotional objectives with firm resources, mitigating risk

Proposition	Description	Theoretical lens	Rationale
	sustainable.	view	while supporting long-term outcomes.

**Note.** SEW = socioemotional wealth; RBV = resource-based view; ESG = environmental, social, and governance.

*Source.* Adapted from Berrone et al. (2012); Kostova et al. (2008); Teece et al. (1997); Teece (2014); Zahra et al. (2007); Aguilera and Crespi-Cladera (2016); Gómez-Mejía et al. (2007); Sirmon and Hitt (2003).

### Summary

The table demonstrates how each proposition is **theoretically grounded**, linking **family-specific dynamics, firm capabilities, and institutional context** to internationalization outcomes. Together, the propositions form a **cohesive framework for empirical research**, enabling scholars to examine **the interplay of family governance, strategic choices, and performance** in a changing global environment.

This framework not only **integrates family firm research into mainstream IB theory** but also provides **clear avenues for testing the role of SEW, RBV, dynamic capabilities, and institutions** in shaping internationalization outcomes.

### Toward an Integrative Framework

This study advances an **integrative framework** that positions **family influence as a central moderating force** shaping how firms translate **global environmental change** into **international strategy outcomes**. Rather than treating ownership structure as a neutral background condition, the framework explicitly theorizes **family governance, goals, and temporal orientation** as core explanatory mechanisms in international business (IB).

First, the framework highlights **family goals**—specifically the tension between **economic objectives and socioemotional wealth (SEW)**—as primary drivers of international strategic choices. Unlike non-family multinational enterprises (MNEs), family firms evaluate internationalization not solely through expected financial returns but also through its implications for **family control, identity, and legacy** (Gómez-Mejía et al., 2007; Berrone et al., 2012). This dual-goal orientation explains heterogeneity in entry mode choice, risk tolerance, and international scope.

Second, **institutional distance** is conceptualized as a **boundary condition** that conditions how family influence shapes strategic behavior. Differences in regulatory regimes, governance norms, and cultural expectations affect both the **perceived risks of internationalization** and the **legitimacy of family control abroad** (Kostova, Roth, & Dacin, 2008; Aguilera & Crespi-Cladera, 2016). Family firms may respond to high institutional distance with more cautious entry strategies or relational governance mechanisms that substitute for weak formal institutions, particularly in emerging markets (Carney, 2005).

Third, the framework identifies **dynamic capabilities** as the key **mechanisms enabling adaptation** under global turbulence. Family firms' long-term orientation, centralized authority, and deep firm-specific knowledge can foster strong sensing, seizing, and reconfiguring capabilities, allowing them to adjust international strategies in response to geopolitical shocks, technological disruption, and institutional change (Teece, 2014; Zahra, Neubaum, & Larrañeta, 2007). These capabilities mediate the relationship between environmental change and performance outcomes.

Finally, the framework introduces **transgenerational intent** as a **temporal dimension largely absent from mainstream IB theories**. Family firms' desire to transfer control and value across generations fundamentally alters strategic time horizons, encouraging **patient capital**, incremental internationalization, and investments in reputation and sustainability (Zellweger, Nason, & Nordqvist, 2012). This long-term orientation challenges dominant IB assumptions rooted in short-term efficiency and shareholder value maximization.

Collectively, the framework **challenges the implicit assumption of ownership neutrality in IB research** and calls for theories that accommodate **heterogeneous capitalist models**, where family ownership, institutional embeddedness, and temporal orientation systematically shape international strategy and outcomes (Dunning & Lundan, 2008; Verbeke & Kano, 2016)

### Future Research Directions

Building on the integrative framework, several theory-building avenues emerge for phenomenon-driven international business research.

#### Microfoundations of Internationalization.

Future research should examine how family emotions, identity, values, and intra-family conflict shape international strategic decisions. While IB research increasingly emphasizes microfoundations, family-specific socioemotional dynamics remain underexplored, particularly their effects on opportunity recognition and risk perception.

#### Comparative Institutional Analysis.

Cross-national comparisons between coordinated and liberal market economies can clarify how institutional

complementarities condition family influence on internationalization strategies and governance choices. Such work would advance IB theory by explaining heterogeneity rather than assuming convergence toward a single MNE model.

**Geopolitical Risk and Resilience.**

Rising geopolitical uncertainty highlights the need to examine whether family firms' patient capital, relational assets, and long-term orientation enhance resilience to global shocks relative to non-family MNEs, contributing to theory on uncertainty and strategic adaptation.

**Sustainability and Responsible Internationalization.**

Family firms' legacy and reputational concerns suggest distinctive approaches to ESG and responsible internationalization. Future studies should explore how family influence shapes sustainability strategies and societal value creation across borders, aligning IB theory with sustainability-oriented research agendas.

### III. Recommendations

**Managerial Recommendations.**

Family firm leaders engaged in international expansion should consciously balance socioemotional wealth preservation with the need for strategic flexibility in volatile global environments. Investing in dynamic capabilities—such as digital transformation, international managerial talent, and relational governance mechanisms—can enhance cross-border adaptability while maintaining family control. Family firms should also formalize governance structures as international complexity increases, ensuring that transgenerational goals do not constrain professionalization or local responsiveness.

**Policy Recommendations.**

Policymakers should recognize family firms as critical actors in international trade and investment and design support mechanisms that account for their long-term orientation and governance characteristics. Policies that reduce institutional uncertainty, strengthen investor protection, and facilitate cross-border partnerships can lower internationalization barriers for family firms, particularly in emerging and institutionally fragmented economies.

**Scholarly Recommendations.**

International business scholarship should move beyond ownership-neutral assumptions and explicitly incorporate family influence into theory development and empirical models. Future research should adopt multi-level and comparative designs to capture the interaction between family governance, institutional context, and global environmental change. Such efforts will contribute to more realistic, context-sensitive theories of international business.

### IV. Conclusion

This article argues that family businesses are not peripheral anomalies but central actors in understanding international business in a changing world. By integrating family business perspectives—particularly socioemotional wealth, governance heterogeneity, and transgenerational orientation—into core international business frameworks, the study demonstrates how ownership structure fundamentally shapes internationalization strategies, governance choices, and performance outcomes under global uncertainty.

Moving beyond the implicit assumption of ownership neutrality, this work advances international business theory by highlighting the strategic relevance of family influence in an era of institutional fragmentation, geopolitical risk, and sustainability pressures. Recognizing family firms as theoretically informative organizational forms offers a more realistic and context-sensitive foundation for explaining contemporary international business phenomena.

**Managerial and policy implications.**

For practitioners, the findings suggest that effective internationalization in family firms requires aligning cross-border strategies with family goals while investing in governance professionalization and dynamic capabilities to manage growing complexity. Policymakers should recognize family firms as key contributors to international trade and investment and design institutional frameworks that reduce uncertainty, support long-term investment, and accommodate family-specific governance structures, particularly in volatile and emerging market contexts.

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