

Jorma Larimo:

SME Export Performance: Family vs. non-family firms

Abstract

The goals of this study are to analyze: 1. the export performance of family vs. non-family firms, and 2. whether the same firm, management, and export strategy related variables have influenced similarly on export performance both in family and non-family firms. The internationalization of SMEs has increased significantly during the last twenty years and the role of foreign sales is increasingly significant also to SMEs. Therefore level of performance and the impact of various variables on export performance is of great interest. Although the role of family firms in all OECD countries is significant their internationalization has been studied extremely limitedly so far. The empirical part is based on a survey study conducted among Finnish SMEs. The performance was analyzed using four different types of performance measures. As expected the results indicated that non-family owned firms had performed better than family owned firms. Furthermore, three of the reviewed variables had totally same and six additional mainly the same impact on export performance both in family and non-family firms.

Keywords: SME; internationalization; family firms; export performance

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1. Introduction

The intensification of competition on a global scale has led to an increasing number of firms seeking opportunities in international markets to achieve their objectives, as well as to safeguard their market positions and survival. The most common mode of foreign operation in small and medium-sized companies (SMEs) has been export. Compared to other modes of foreign operations export usually requires less financial, human, and other resources, demands less investments, involves less financial risks, and allows for greater structural and strategic flexibility in foreign markets than most other forms of operation and therefore it is the most commonly used form of foreign operations by SMEs (see e.g. European Commission 2003).

Research into firms export performance dates back to the early 1960s with the pioneering study of Tookey (1964) as the first one trying to analyze the factors associated with successful exporting. After that a lot of studies have been conducted trying to analyze the determinants of export performance. The empirical results related to variables of superior export

performance have been relatively mixed. The differences are apparently at least partly caused by the differences in the measures of performance, samples, time periods and operationalizations used for various firm, management and export strategy related variables. However, apparently differences are partly based also on differences in the strategies used.

According to the statistics by IFERA (International Family Enterprises Research Academy) the role of family-owned firms is very important in various European countries: the share of family-owned firms from all firms 60-93%, their share from all employees 40-60% and their share from the GNP also 40-60% (IFERA 2003). Their role among the exporting SMEs is also important and increasing all the time. Therefore it is very surprising that the internationalization of family-owned companies including the strategies and export performance have been analyzed extremely limitedly so far. Because of this there are two main goals with the present paper:

1. To analyze the export performance of family and non-family owned firms using selected different types of measures of export performance.
2. To analyze the impact of selected firm, management, and export strategy related variables on export performance in family and non-family firms.

The paper has several contributions to the present stock of knowledge related to SME export performance. First, impact of the ownership on export performance in SMEs has been analyzed extremely limitedly so far, thus this is the most important contribution of the paper. Secondly, the study does not focus on the most commonly used measure of export performance, export sales ratio, but analyzes the performance also using other measures of performance. Thirdly, the impact of some of the selected variables on export performance have been analyzed rather limitedly so far. Finally, the results concerning the links between various firm, management, and export strategy related variables and export performance are of significant importance both from the business managers and from the public policy makers point of view.

The structure of the paper is as follows: In section two a review of the key features of family vs. non-family firms and the expected impact of those factors on the export behavior and strategies. In the third section first a review of the measures of export performance is made, next follows an analysis of the relation between firm, management, and export strategy related variables and export performance, and finally based on the reviews hypotheses are developed for the empirical part of the study. The fourth section in the paper includes the methodology, operationalization of variables, and sample description. Section five includes the main results of the study, and section six summarizes the main findings and conclusions and suggestions based on the study.

2. Literature review of family vs. non-family firms

In most continental European countries a majority of SMEs are family owned companies. Therefore it is surprising that so little attention has been paid so far to the relationship between strategic behavior including export strategies, in SMEs and different ownership types. In theory, family ownership should confer specific competitive advantages, though they also have their own particular problems. The advantages include e.g. long-term orientation, flexibility, speedy decision-making, and family culture as a source of pride and commitment (see e.g. Kets de Vries, 1993; Zahra, 2003; and Poza, 2004). However, there are also several disadvantages that limit the access of family firms to the resources and capabilities needed e.g. in exports. There is in Table 1 a summary of the key advantages and disadvantages of family firms (see also e.g. Donckels & Fröhlich, 1991).

Table 1
Advantages and disadvantages of family controlled firms (Kets de Vries 1993: 61)

ADVANTAGES	DISADVANTAGES
<ul style="list-style-type: none"> • Long-term orientation • Greater independence of action <ul style="list-style-type: none"> —less (or no) pressure from stock market —less (or no) takeover risk • Family culture as a source of pride <ul style="list-style-type: none"> —stability —strong identification/commitment/motivation —continuity in leadership • Greater resilience in hard times <ul style="list-style-type: none"> —willing to plow back profits • Less bureaucratic and impersonal <ul style="list-style-type: none"> —greater flexibility —quicker decision making • Financial benefits <ul style="list-style-type: none"> —possibility of great success • Knowing the business <ul style="list-style-type: none"> —early training for family members 	<ul style="list-style-type: none"> • Less access to capital markets may curtail growth • Confusing organization <ul style="list-style-type: none"> —messy structure —no clear division of tasks • Nepotism <ul style="list-style-type: none"> —tolerance of inept family members as managers —inequitable reward systems —greater difficulties in attracting professional management • Spoiled kid syndrome • Internecine strife <ul style="list-style-type: none"> —family disputes overflow into business • Paternalistic/autocratic rule <ul style="list-style-type: none"> —resistance to change —secrecy —attraction of dependent personalities • Financial strain <ul style="list-style-type: none"> —family members milking the business —disequilibrium between contribution and compensation • Succession dramas

In family firms the division between business and personal objectives often becomes blurred. A high proportion of the owner's wealth, and many times of the family itself, is invested in the business. As the family's investments are not diversified, family firms can be expected to be risk-averse (Donckels & Fröhlich, 1991). This makes the owners of family firms reluctant to lose control of their business or to develop growth strategies. As a result, family firms generally show weaker growth.

These factors have an impact on a firm's resource endowment and its ability to sustain a competitive advantage. The characteristics of family firms limit their opportunities to acquire resources, particularly intangible knowledge based assets such as technologies, well-known brands or qualified personnel (Fernandez & Nieto, 2006). The accumulation of intangible resources requires riskier investments that are ill suited to the conservative nature of a family business. In addition, available empirical research indicates that decision-making in family firms is centralized. There is little horizontal differentiation and formalization, lines of authority are not clear, controls are usually informal, and information systems are poorly developed. These factors provide family firms with a good ability to respond, but seriously hinder both national and foreign expansion. Internationalization requires the implementation of more complex structures and formal controls. Firms also need to be decentralized which family business owners may see as a loss of control (Fernandez & Nieto, 2006).

Family firms usually have a lower level of qualified staff than non-family firms. They prefer to employ family members in management positions, even though they may be less qualified or lack international experience (Gallo & Garcíá Pont, 1996). And they may suffer from a problem of adverse selection, making it more difficult to attract well-qualified, professional managers. Existing incentive and promotion systems are usually heavily biased toward family members. The desire to maintain the family's independence and control also affects family firm's financial decisions. Many family SMEs have no interest in issuing shares because it brings the entry of new shareholders and a consequent loss of control (Fernandez & Nieto, 2006). In general, family firms avoid sources of funding that undermine the identification of ownership with control, and their possibilities for growth depend on internally generated funds. Smaller SMEs will even support themselves with funding provided by the owners and their families (Romano, Tanewski & Smyrniotis, 2000).

In short, it is difficult for family firms to amass the resources needed to sustain a competitive advantage that can be exploited through internationalization. The empirical results in previous studies (see e.g. Donckels & Fröhlich, 1991, Donckels & Aerts, 1998, and Fernandez & Nieto, 2005) have indicated that the share of exporting companies and share of exports from total sales is lower in family than in non-family owned firms. Given the above, we expect that :

Hypothesis 1: The export performance of non-family firms is better than the export performance of family firms.

3. Literature review of export performance studies and development of hypotheses

3.1. The measurement of export performance

The concept of export performance is very complicated and multidimensional. Several different measures can be used and have been used to measure export performance. Katsikeas, Leonidou and Morgan (2000) identified in their extensive analysis of export performance studies over 100 articles from which they included 93 into their more detailed analysis of key issues related to export performance measurement. In those 93 studies 42 different performance measures had been used. In a more recent review made by Sousa (2004) 43 export performance studies made in 1998-2004 were covered. The results indicated 50 different measures for export performance had been used in those studies.

Economic measures were used much more commonly than non-economic or generic measures. The most commonly used single measures were: export sales ratio (in 61 studies), export sales growth (44), export sales volume (22), export profitability (22), and growth of the export sales ratio (14). Thus, all the most commonly used measures were economic measures and four of the five were sales-related measures. The next most commonly used measures were: export profitability growth and perceived export success (both in nine studies), and export profit ratio, export market share, number of export countries/ markets, and achievement of export objectives (all in five studies). According to the results in the first review most of the measures used were economic (23), followed by non-economic measures (14), and clearly more limitedly by generic measures (5). According to the results in the latter study the respective figures were 22, 24, and 6 – thus the number of non-economic measures used had clearly increased.

The results by Katsikeas et al. (2000) indicated that in about one third of the studies only one single measure of export performance had been used whereas the results by Sousa (2004) indicated that in only three of the 43 studies only one measure of performance was used. Thus the number of measures used to analyze the export performance has clearly increased in more recent studies. The clearly most commonly used measures used in the older studies (see Katsikeas et al. 2000) have been export sales ratio (57 studies) and export sales growth (41) followed by export sales volume (20), export

profitability (20), and growth of the export sales ratio (12). In the more recent review (Sousa 2004) the respective figures were 16, 16, 17, 20, and 9 – thus the use of export sales ratio has clearly decreased and use of other measures increased.

The review by Katsikeas et al. (2000) indicated that analysis of export performance is usually based on current export performance (in 82 studies); secondarily on historical performance (56) or on a combination of current and historical (45 studies), in only very few cases on anticipated future performance. The unit of analysis was usually at the corporate level (in 84/24 studies; the first figures from Katsikeas et al. 2000, the latter ones from Sousa, 2004)), only relatively seldom on export venture (12/15) or product/product line level (4/0). The scope of analysis has usually covered all export markets by the firm (83/28 studies), secondarily one single country (17/15), and extremely seldom some region (1/0 study). Almost all studies have been based on primary data (96/43) usually collected via mail questionnaire based on the views of a single key informant, usually the manager directly responsible for exports. The evaluations were earlier more often based on objective assessment (80 cases) than on subjective (51 cases), but the situation has changed to opposite in more recent studies (54 vs. 151 cases). Also the use of a combination of both types of measures seems to have increased clearly in more recent studies (in the earlier review in ca. 20% and in the more recent ca. 33% of the studies).

The results in the two above referred good reviews and in some other studies like e.g. Diamopoulos (1999), indicate clearly that the export performance is a complex phenomenon. It is multidimensional and should be analyzed using multiple measures including both economic and other types of measures, both objective and subjective measures, and using as the unit of analysis making both corporate and export venture or product level, and as the scope of analysis firms all export markets and possibly also single countries. We follow these recommendations and the export performance will be measured using more than one type of measure.

3.2. The relationships between firm, management and export strategy with export performance

A review of export performance studies indicates that the impact of over 50 different firm characteristics and competencies, management characteristics, management attitudes and perceptions, industry characteristics, domestic market characteristics, target markets and their characteristics, and export marketing strategy related variables on export performance has been researched. Of interest in several studies has been the impact of firm size, key sales object issues (product/service strengths), export marketing strategy including market concentration vs. market spreading, standardization of the marketing

mix elements, and international experience. In this study the relationships between eleven variables and export performance was decided to be analyzed. The selected variables represent firm characteristics including basic strategy (1. firm size, 2. product/service quality, 3. niche product/service, 4. export age), management characteristics (5. international orientation, 6. international commitment, and 7. international experience), and export marketing strategy (8. product adaptation, 9. communication adaptation, 10. price adaptation, 11. market diversification, and 12. speed of internationalization).

Table 2 includes a summary of the results presented in five review articles of various export performance studies. The reviews by Madsen (1987), Aaby and Slater (1989), and Gemünden (1991) included 17, 55, and 50 empirical export performance studies made between mid-1960s and late 1980s. Zou and Stan (1998) had in their review 50 export performance-related studies made between 1987 and 1997, and Manolova and Manev (2004) analyzed 21 studies published between 1996 and 2001.

Table 2 here

As shown in table 2 the results related to the impact of international orientation, international commitment, international experience, and market diversification the earlier results indicate in most studies a positive relationship with export performance. In the other cases the results are more mixed. However, except for the export age/firm age and communication adaptation, the results indicate clearly more often a positive impact than a negative impact on export performance. Thus, we concentrate in the following on these two variables.

The argumentation for an assumption of a positive relationship between export age (exporting experience) and export performance lies in the issue of uncertainty and the way various firms cope with it (Erramilli, 1991). Less experienced exporters are likely to perceive considerable uncertainty, which in turn might adversely affect their perceptions of potential risks and returns about foreign sales. Higher export age/export experience is likely to determine the firms to be less uncertain, related to foreign sales based on increased market and customer knowledge and networks, leading to more effective export sales planning and strategies (Madsen, 1989, and Katsikeas, Piercy & Ioannidis., 1996). There should also be a learning curve or experience effect that reduces the foreign operating and coordination costs.

Proponents of the positive relationship between standardized communication refer to the similarities in buyers consumption patterns, and to the existence of international market segments - as in the case of product standardization – and to the cost savings based on the use of standardized communication strategy. In contrast, those referring to the positive

relationship between adapted communication and export performance cite the differences in government restrictions, competitive practices, communication infrastructures, etc. (see Keegan, 1995, and Leonidou, Katsikeas & Samiee, 2002). Cavusgil and Zou (1994) discovered a negative relation between promotion adaptation and export performance. They found that the relation between those variables is apparently more complex. The identified negative relation may be caused by the universal appeal of some products, poor judgment in altering of the positioning or promotion mix. The results by Shoham (2002) indicated no relation between adaptation of advertising and export performance, but the results in his two other studies (Shoham, 1996, 1999) indicated support for a positive impact of promotion adaptation on export performance along various parameters: export sales, export profits, or growth. Also the results in the meta-analysis of marketing strategy determinants of export performance by Leonidou et al. (2002) indicated that adaptation of advertising/promotion had a strong positive impact on overall export performance, irrespective of the time, place, and products focused on in the studies reviewed.

The impact of the speed of internationalization has not been analyzed in those studies. The speed of internationalization has been of increasing interest since mid-1990s. However, the studies by Knight (1997) and Aspelund and Moen (2005) indicate that the co-called BGs (born globals = rapidly internationalized companies) have performed better than traditional exporters (more slowly (for a review of studies focusing on BGs vs. traditional exporters see Rialp, Rialp & Knigh, 2005). Because we are not using objective financial export performance measures, but the export sales ratio as the objective measure and three perceived/subjective measures, we expect better export performance in BGs compared to traditional exporters. We expect that all the selected variables have a positive impact on export performance.

None of the five reviews presented in Table 2 discussed the impact of firm ownership on the results. Nor did the analysis of family business focused articles provide any results about relationships of the variables included in this study and export performance in family vs. non-family firms. Because of the more limited resources and more risk-averse behavior of family-owned compared to non-family –owned companies we may assume that e.g. the level of international orientation, commitment, and experience is lower in family than in non-family firms, the number of export target countries is more limited in family than in non-family firms, and that the existence of BGs is smaller among family than in non-family firms. However, we assume that there is no reason to expect that the impact of the selected variables would be different in family owned firms compared to non-family owned firms.

Hypothesis 2: The direction of impact of various firm, management, and export strategy related variables on export performance is the same both in family and in non-family owned firms.

4. Methodology, sample, and operationalization of the measures

The data for the study was collected as a part of a larger survey analyzing the export behavior, strategies, and performance of Finnish SMEs in spring 2002. As the target group was industrial and service (software, engineering and advertising) firms having 10 to 500 employees and which were informed to perform exports according to the Yritys Suomi 2000 data base as well as based on earlier surveys made by the author. On the basis of these sources, the total target group consisted of 2856 companies. However, 202 of these were in bankruptcy, were too big etc leaving as the final target group. Excluding these companies the final target group was 2 654 firms. In total 489 answers were received, from which 343 were usable in this subproject resulting in a response rate of 12.9 %. On the average the sample size has been 146 cases in export performance studies made in 1996-2001 (Manolova & Manev, 2004). Thus the sample was clearly (ca. 2.5 times) over the average in this study. Based on the number of employees, annual turnover and field of industry there seemed not to be any greater differences between responding and non-responding companies. Furthermore, no greater differences were found between early and late responding companies.

Regarding the participating companies 84.7% are production and 15.3% service companies. Somewhat more than half of the companies were family-owned companies, (53%) and somewhat less than half (47%) non-family companies. The mean year of establishment was 1974, and mode value 1992. The first year of export was on average 1985. In the year 2001 the participating companies had on average 64 employees and the mean annual turnover was in 2001 EUR 8.67 million. The average share of exports in 2001 was 39.2% from total sales. None of the sample firms had foreign manufacturing investments, relatively few more sales or marketing subsidiaries and/or licensing or technological cooperation agreements. On average the companies had exports to 9.4 foreign markets, whereas the mode value was three foreign markets. The most common and most important target countries for exports were Sweden, Germany, and Russia. As can be seen from Table 3 the sample in this study was very similar to the total sample related to the above referred variables.

Appendix 1 includes the operationalization for the dependent variable – four different types of measures for export performance used in the study – and for the 14 independent variables. The export performance is a multidimensional concept, as discussed in section 3.1. Therefore the measurement should be based on subjective and objective measures and taking into account not only the overall but also product level performance and also the goals of the firm. Therefore the four performance

measures selected were: 1) subjective measures: a) general foreign operation performance, b) performance related to the main goals, and c) performance of the main product in the main market, and 2) objective measure: foreign sales ratio. The three first ones were measured on a five point Likert scale. From the independent variables firm size, market diversification and export age were measured with real values (logarithmic versions from the first two ones). For the quality, niche, orientation, commitment, experience and level of product, price and communication adaptation variables five point Likert scales questions were used. Dummy variables were used for the establishment, born international and firm industry variables. Almost 60% of the sample was industrial goods manufacturers. Therefore this group was selected as the base to which consumer goods manufacturers (consumer) and service companies (service) were compared.

Table 3.
Descriptive sample information.

	Total Sample	Family Firms	Non-Family Firms
	N=343	N=182	N=161
FIRM SIZE (log)	3.16	2.97	3.34
FIRM SIZE	10.0	8.96	11.13^c
PRODUCT/SERVICE QUALITY	3.99	4.01	3.94
NICHE PRODUCT/SERVICE	2.89	2.84	2.89
EXPORT AGE	15.11	16.14	14.04
INTERNATIONAL ORIENTATION	3.79	3.71	3.90^a
INTERNATIONAL COMMITMENT	3.88	3.80	3.98^a
INTERNATIONAL EXPERIENCE	3.53	3.43	3.64^b
MARKET DIVERSIFICATION (log)	1.83	1.74	1.89
MARKET DIVERSIFICATION	9.75	8.43	11.2^b
PRODUCT ADAPTATION	3.29	3.14	3.45 ^b
PRICE ADAPTATION	3.28	3.29	3.30
PROMOTION ADAPTATION	3.43	2.28	2.58^b
INDUSTRIAL	239	68.7	64.6
CONSUMER	69	19.8	18.6
SERVICE	50	11.5	16.8
ESTABLISHMENT	0.30	0.25	0.35^d
TRADITIONAL	230	75.0	58.0
BORN INTERNATIONAL	114	25.0	42.0^d

Level of statistical significance: a=0,1; b=0,05;

The descriptive statistics of the sample in Table 3 indicates some significant differences between family and non-family owned firms. The former were on the average older and they had somewhat longer export experience than the latter ones. Furthermore, family firms were more often industry or consumer goods manufacturers than non-family firms. Non-family

firms were bigger, had greater international orientation, international commitment, international experience and they had adopted their product and communication strategies more than family firms. Furthermore, they had expanded on the average to more target countries and they had started foreign operations on the average more quickly than family firms. Related to the niche focus and price adaptation the results indicated very small differences between family and non-family firms.

The correlations between various variables were usually quite low except between international orientation, international commitment, and international experience of the management. The variance inflation factor (VIF) was analyzed to study the potential multicollinearity problems. A VIF value of less than 10 is considered indicative of the data having no such problems (see e.g. Griffiths, Hill & Judge, 1993). All the VIF values were below three. Thus, no multicollinearity problems existed in the data.

5. Results of the study

5.1. Export performance along different measures

The results related to the performance along the four measures of export performance used in this study are presented in Table 4. The results in the whole sample indicate that using the 1 to 5 scale for the measures of perceived export performance the means were in the middle class (scale value 3). The mean performances based on the three subjective measures were very close to each other with the variation from only 3.29 to 3.41. Highest performance evaluation ratio was based related to the performance of the main product in the main market – as may also be expected. The mean foreign sales ratio was 40.75. The results between family and non-family owned firms indicated very equal performance based on the main goals for exports whereas based on the three other measures the performance had been better in non-family than in family firms. Based on general foreign operation performance and foreign export sales ratio the performance was in non-family firms only at a slight level (0.1 level) better than in family firms, but based on the performance of the main product in the main market the results indicated greater difference (at the 0.05 level). Because three of the four measures of export performance indicated statistically significantly better performance in non-family firms – the results give support to the hypothesis one, non-family firms have performed better than in family firms in their exports.

Table 4.

Export performance in family and non-family firms.

	Total Sample N=343	Family Firms N=182	Non-Family Firms N=161
Performance Related to Main Goals (Scale: 1 to 5)	3,29	3,28	3,30
General Foreign Operation Performance (Scale: 1to5)	3,29	3,20	3,39b
Performance of the Main Product (Scale: 1to5)	3,41	3,30	3,54b
Foreign Sales Ratio(0- 100)	40,75	38,28	43,74a

Level of statistical significance: a=0,1; b=0,05; c=0,01; d=0,001

5.2. Relationships between reviewed variables and various export performance measures

The analysis of the results was based on cross-sectional OLS regression. The results are presented in Table 5. All the models were significant with quite good explanatory power (R square in several models ca. 0.6). As discussed earlier, the international orientation, commitment, and experience variables were somewhat more correlated although no real multicollinearity problems existed. The models in Table 5 include all variables. However, additional runs were made excluding first one of those variables and after that taking out two of the variables at the same time away. The results were, however, constantly in line with the results presented in the Table 5.

Table 5 here

The results indicated that three of the reviewed variables had had the same impact (= non-significant or significant having the same sign) on export performance both in family and in non-family firms using all the selected four measures of performance. These three variables were firm size, international orientation and niche product/service. International orientation had both in family and non-family firms a positive impact whereas the niche product/service variable had been on all four measures of performance insignificant. The firm size had on three first measures in both subgroups been positive and using the fourth performance measure insignificant. In six other cases the results were similar on three of the four export performance measures. In five cases the results were similar on two of the four measures, but no cases were found the results

would have been the same only on one of the four measures or where the impact would have been different on all four measures of performance.

The performance evaluations between family vs. non-family firms were more equal based on the performance measure performance related to the main goals as discussed above. The results concerning the impact of various variables on export performance were, however, most similar using general foreign operation performance. Using this performance measure the results indicated different (significant vs. non-significant) impacts only in two cases and also using foreign sales ratio the results were different in three of the fifteen variables. Using performance related to the main goals measure different results were found in six cases and this was the case also when performance of the main product were used as the measure of performance.

Thus, in summary it may be concluded the hypotheses two receives partial support, especially when the general foreign operation performance and foreign sales ratio are used as the measure of export performance. An interesting result is also that both the cases of more similar and more different impacts included firm, management, and export strategy related variables. Thus not only one type of variables.

Although the focus in this study was not on the real impact of various reviewed variables on export performance, but whether the impact is similar or different, we can conclude shortly from the results in Table 5 that the variables having most significant positive impact on export performance both in family and in non-family firms were international orientation, firm size, and product/service quality. In addition, in non-family firms market diversification had also had a positive impact using all four measures of export performance. Furthermore, among non-family firms younger, rapidly internationalized firms having less export experience had performed better than older, slowly internationalized firms and than firms having longer export experience. Finally, especially adaptation of product and price policies in non-family and communication policy in family firms had been insignificant using all four measures of performance, in non-family firms adaptation of communication policy had even had a slight negative impact.

6. Summary and conclusions

Thousands of SMEs have started and expanded their foreign operations and the internationalization of SMEs is expected to continue in future, perhaps with an even growing speed. Therefore the knowledge related to the export strategies and

export performance is important for export company management and export support organizations. An issue which has been analyzed surprisingly limitedly so far is the impact of firm ownership on the export strategies and export performance. Although a great share of SMEs in most European countries are family owned companies there is only very limitedly results about the potential differences in export strategies and export performance between family and non-family firms. Therefore the main goals of this study were to analyze the export performance and impact of various selected firm, management, and export strategy related variables on export performance both in family and in non-family firms. The empirical part of the study was based on an empirical survey made among exporting Finnish SMEs.

The sample information indicated support to the earlier views that on the average family firms are smaller and older than non-family firms. The information also indicated that the level of international orientation, commitment, and experience of the management was somewhat lower in family than in non-family firms. Furthermore, as found e.g. in the study by Zahra (2003), the results of this study also indicated that the number of export target countries was lower in family than in non-family firms. Taking into account the multidimensional nature of the export performance concept we used four different measures to analyze the export performance. The results related to the export performance indicated that based on the three of the selected four measures of export performance the performance had been better in non-family than in family firms. Thus, our hypothesis of expected better performance in non-family firms received support. The results thus support the earlier results by e.g. Donckels and Fröhlich (1991), Donckels and Aerts (1998), and Fernandez and Nieto (2005) based on the share of exports. Earlier results based on the other export performance measures could not be found.

The other hypothesis of the study expected that there would not be any significant differences in the impact of various selected firm, management, and export strategy related variables on export performance among family vs. non-family firms. The results indicated that three of the reviewed variables had the same impact (= non-significant or significant having the same sign) on export performance both in family and in non-family firms using all the selected four measures of performance. In six other cases the results were similar on three of the four export performance measures. In five cases the results were similar on two of the four measures, but no cases were found the results would had been the same only on one of the four measures or where the impact would had been different on all four measures of performance. The results concerning the impact of various variables on export performance were most similar using general foreign operation performance. Using this performance measure the results indicated different (significant vs. non-significant) impacts only in two cases and also using foreign sales ratio the results were different only in cases of three of the fifteen variables. Using the two other performance measures more variation existed. Thus, in summary hypotheses two receives partial support especially when

management view of the general foreign operation performance and foreign sales ratio were used as the measure of export performance. Finally, the results indicated that international orientation, firm size, and product/service quality were both in family and non-family firms the most significant variables having positive impact on export performance. In non-family firms additionally market diversification had a significant positive impact on export performance.

This study was one of the first studies trying to analyze in more detail the export performance and the similarities and differences in the impact of various firm, management and export strategy related variables on export performance among family and non-family firms. The study has several limitations. First, the ownership of the companies was based only on single question whether the respondents viewed that their firm was a family-owned firm or not. Thus, the share of family ownership and e.g. the generation of family-ownership were not analyzed. Secondly, there was only one objective measure for export performance included to the study, international sales ratio. Also other objective measures like growth in the value of exports and/or growth in the share of exports from total sales, or export profitability could be included. Furthermore, the study focused only on Finnish SMEs. It would be interesting to compare the export performance and impact of the selected variables on export performance among family vs. non-family firms in other European countries. Finally, a follow-up study of the development strategies, export performance and impact of the same variables later on would be of interest in future studies.

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Dependent variable: Export performance

Performance related to the main goals. The management was asked to rate their degree of satisfaction with the export performance related to the goals set in the main markets of the company on a five point Likert scale where 1=very disappointed...5=very satisfied.

General foreign performance. The management was asked to rate their degree of satisfaction with the export performance in all foreign markets on a five point Likert scale where 1=very disappointed...5=very satisfied.

Performance of the main product. The management was asked to rate their degree of satisfaction with the export performance of their main export product on a five point Likert scale where 1=very disappointed...5=very satisfied.

Foreign sales intensity. The foreign sales intensity was measured asking the exact share of foreign sales from total sales of the company in 2001.

Independent variables

Firm size (FSIZE). The firm size was measured based on the total sales of the company in 2001 in million Euros. Because it may be expected that the influence is not linear, a logarithmic version was used.

Product/service quality (QUALITY). The level product/service quality was measured based on the evaluations of the competitiveness of the company based on level of product/service quality on a scale from 1 to 5 where 1=very low/poor...5=very high/good.

Niche product/service (NICHE). The level of niche focus in the operations was measured on the evaluations how well the following statement described the company: our product/service serves some special need that the competitors have problems to offer on a scale from 1 to 5 where 1=describes extremely poorly...5=describes very well.

Export age (EXPORT AGE). The export age was measured based on the length of time the company has been exporting in years

International orientation (INTORIENT). The level of international orientation was measured based on the evaluations of the international orientation of the management on a scale from 1=very low/poor...5=very high/good.

International commitment (INTCOMMIT). The level of international commitment was measured based on the evaluations of the international commitment of the management on a scale from 1=very low/poor...5=very high/good.

International experience (INTEXP). The level of international experience was measured based on the evaluations of the international experience of management on a scale from 1=very limited...5=very extensive.

Product adaptation (PRODUCTADP). The product/service adaptation was measured on a scale from 0 to 5 where 0 indicated that there was no adaptation at all, 1 that there was only extremely limitedly adaptation whereas 5 meant very significant adaptation.

Price adaptation (PRIADAPT). The level of price adaptation was measured based on a scale from 0 to 5 where 0 indicated that there was no adaptation at all, 1 that there was only extremely adaptation whereas 5 meant very significant adaptation.

Communication adaptation (COMADAPT). The level of communication adaptation was measured on a scale from 0 to 5 where 0 indicated that there was no adaptation at all, 1 that there was only extremely adaptation whereas 5 meant very significant adaptation.

Market diversification (MARDIV). The level of market diversification was measured based on the amount of target countries of exports in 2001.

Establishment (ESTABL). Year of company establishment: Dummy variable, 0 if established before 1990 and 1 if established in 1990 or more recently.

Born global (BG). Dummy variable, 0=exports not started within three years from establishment and reached the level of at least 25% of total sales, 1 if the exports had started within three years and reached at least the level of 25 % of total sales

Table 2. The Relationships between Reviewed Variables and Export Performance in Various Review Studies.

	MADSEN (1987) (N=17)			AABY & SLATER (1989)(N=55)			GEMÜNDEN (1991)(N=49)			ZOU & STAN (1998) (N=50)			MANOLOVA & MA- NEV(2004)(N=25)			TOTAL		
	Pos	Neg	Ns	Pos	Neg	Ns	Pos	Neg	Ns	Pos	Neg	Ns	Pos	Neg	Ns	Pos	Neg	Ns
Firm size	4	2	5	5	7	3	7	1	10	9	5	23	5	3	8	30	18	49
Product/Service quality/strenght	7	0	2	1	0	1	4	0	2	13	2	27	-	-	-	25	2	32
Niche product/service	-	-	-	3	0	0	-	-	-	-	-	-	-	-	-	3	0	0
Export age* /firm age	-	-	-	-	-	-	-	-	-	6	2	3	0	3	3	6	5	6
International orientation	-	-	-	5	0	0	3	0	2	10	0	6	5	0	0	23	0	8
International commitment	-	-	-	7	0	0	-	-	-	15	0	2	8	0	0	30	0	2
International experience	-	-	-	3	0	0	-	-	-	15	1	10	5	0	1	23	1	11
Product adaptation	4	1	1	1	1	4	4	0	4	12	2	13	1	0	0	22	4	22
Price adaptation	-	-	-	1	0	0	2	0	2	7	1	6	-	-	-	10	1	8
Communication adaptation	-	-	-	-	-	-	0	0	2	3	3	2	-	-	-	3	3	4
Market diversification	3	1	2	3	0	0	-	-	**	**	**	0	5	0	0	11	1	2

POS=Positive impact, NEG=negative impact, NS=non-significant impact

* not included in any of the reviews; ** not specified in the review, included into the firm general export strategy results Note: In one study more than one export performance measure may have been used.

Table 5. Performance in SME Exports: Family vs. Non-Family Firms

	FAMILY FIRMS (N=182)				NON-FAMILY FIRMS (N=161)			
	1. Perf. Related to Main Goals	2. General Foreign Perf.	3. Perf. of the Main Product	4. Foreign Sales Ratio	1. Perf. Related to Main Goals	2. General Foreign Perf.	3. Perf. of the Main Product	4. Foreign Sales Ratio
Constant	+ ^b	NS	+ ^a	- ^b	+ ^d	NS	+ ^b	- ^a
Firm size	+ ^d	+ ^d	+ ^a	NS	+ ^b	+ ^a	+ ^d	NS
Product/service quality	NS	+ ^a	+ ^b	+ ^b	+ ^d	+ ^d	+ ^b	NS
Niche product/service	NS	NS	NS	NS	NS	NS	NS	NS
Export age	NS	NS	NS	NS	- ^b	NS	- ^a	NS
International orientation	+ ^b	+ ^d	+ ^c	+ ^b	+ ^a	+ ^c	+ ^c	+ ^b
International commitment	NS	NS	NS	+ ^a	NS	+ ^b	NS	NS
International experience	- ^b	NS	NS	NS	NS	NS	NS	NS
Product adaptation	NS	+ ^a	NS	+ ^a	NS	NS	NS	NS
Price adaptation	NS	NS	+ ^b	NS	NS	NS	NS	NS
Communication adaptation	NS	NS	NS	NS	NS	NS	- ^a	NS
Market diversification	NS	+ ^a	NS	+ ^b	+ ^b	+ ^b	+ ^b	+ ^c
Consumer	NS	NS	NS	NS	- ^a	NS	NS	NS
Service	+ ^b	NS	NS	NS	NS	NS	NS	NS
Establishment	NS	NS	NS	NS	NS	NS	- ^c	NS
Born international	NS	NS	NS	+ ^d	NS	NS	+ ^b	+ ^d
R ²	0,462	0,580	0,520	0,627	0,559	0,608	0,623	0,595
Adj. r-square	0,131	0,267	0,195	0,330	0,248	0,312	0,331	0,294

NS = non-significant

Level of statistical significance: a=0,1; b=0,05; c=0,01; d=0,001