Spotlight
by CeFEO

Can family firms balance international opportunities with home-market security?

Keeping family firms flexible. How Intermittent exporting provides strategic advantages

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In today's globalized economy, family-owned small and medium-sized enterprises (SMEs) increasingly look beyond their home markets. But international expansion isn't always a linear path, especially for family firms. Rather than diving headfirst into foreign markets, many of these businesses adopt an intermittent exporting strategy, balancing global opportunities with domestic stability. This strategy is particularly relevant to family firms, where preserving control, emotional attachment, and a legacy—collectively known as socioemotional wealth (SEW)—can make riskier commitments less appealing.

WHAT WE STUDIED

This study focused on Swedish family-owned SMEs in the manufacturing and retail industries, analyzing their intermittent exporting behavior between 2004 and 2017. The researchers combined insights from the Behavioral Agency Model (BAM) and real options reasoning, exploring how family involvement influences the decision to intermittently export rather than fully commit to international markets. The study also examined whether having a CEO or board members with foreign backgrounds moderated this relationship, using data from 46,729 SMEs.

KEY INSIGHTS

1. Family Involvement and Exporting Flexibility

The study found that family firms are more likely to engage in intermittent exporting. This is because family involvement in business tends to prioritize SEW over financial wealth. Exporting intermittently allows family businesses to "keep their options open," minimizing the risk to SEW while still taking advantage of international opportunities.

2. The Role of Foreign-Experienced CEOs

Having a CEO with a foreign background significantly reduces the likelihood of intermittent exporting. CEOs with international experience help family firms navigate global markets with greater confidence, lowering the perceived risks to SEW. These leaders can leverage their networks and knowledge to make exporting a more permanent strategy.

3. Board Members' Limited Impact

Unlike CEOs, board members with foreign backgrounds did not have a noticeable effect on whether family firms adopted intermittent exporting strategies. This suggests that while foreign board members may provide valuable advice, they don't have the same hands-on influence over day-to-day decisions as CEOs.

TAKEAWAYS

1. Maintain Flexibility, But Don't Fear Commitment

Family firms can benefit from intermittent exporting, but as the study suggests, too much caution can limit growth. Hiring a CEO with international experience could be a game-changer, providing the knowledge and networks needed to reduce the perceived risk and fully commit to global markets.

2. Evaluate SEW Carefully

For family firms, every major decision is a mixed gamble involving both financial and socioemotional wealth. This research highlights the importance of balancing SEW considerations with strategic growth. Family firms should weigh the potential long-term gains of exporting against the risks to family control and legacy.

IMPACT

This research has broader implications for family firms navigating globalization. As industries become increasingly interconnected, family-owned SMEs must decide how to engage with foreign markets without jeopardizing their unique business identities. Intermittent exporting offers a pathway to engage globally while preserving the core values that make family businesses special.

RECOMMENDATIONS

For family business leaders, the key takeaway is to consider appointing a CEO with international experience if the firm is hesitating between local and global strategies. These leaders can bridge the gap between maintaining SEW and pursuing long-term international growth. Additionally, firms should remain agile, using intermittent exporting to gather knowledge and develop strategies before committing fully to international markets.

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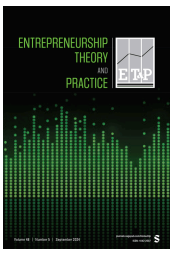
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