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# Family Involvement and Family Firm Internationalization: The Moderating Effects of Board Experience and Geographical Distance


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**ABSTRACT**

Combining the resource-based view and the socio-emotional wealth perspective, we compile a sample of family-owned and -managed firms on the Standard and Poor's (S&P) 500 Index and examine the effect of family involvement on firm internationalization. The results show that the presence of a family member chairing the board impedes internationalization, but that this negative effect is reduced when board members are highly experienced. We also find that cross-generational involvement in the business contributes to internationalization, and that this effect is more pronounced when firms internationalize to geographically distant rather than closer regions. The contributions and implications of this study are also discussed.


## INTRODUCTION

Internationalization helps firms to grow by increasing their economies of scale and providing access to knowledge available in many foreign markets (Hitt, Hoskisson, & Kim, 1997; Kogut & Zander, 1992). Internationalization is especially important for family firms, which generally desire long-term survival. The family business literature in recent years has increasingly investigated the influence of family involvement on a firm's internationalization (e.g., Arregle, Naldi, Nordqvist, & Hitt, 2012; Gomez-Mejia, Makri, & Kintana, 2010; Pukall & Calabro, 2014; Zahra, 2003), but has generated inconsistent findings. Some research shows that family influence is positively associated with internationalization (e.g., Zahra, 2003), while other research shows a negative effect (e.g., Fernández and Nieto, 2006; Gomez-Mejia et al., 2010a). Still others have found a nonlinear relationship between family involvement and firm internationalization (e.g., Liang, Wang, & Cui, 2014). Thus, the precise effect of family involvement on firm internationalization remains unclear.

A possible reason for these mixed results is that the conditions of "ability" and "willingness" in the family influence on a firm's behavior have not been effectively accounted for. De Massis, Kotlar, Chua, & Chrisman (2014) suggest that family involvement gives the family "ability" in terms of discretion to act idiosyncratically; however, "ability" is a necessary but insufficient condition for the family to exert influence on the firm's behavior. The involved family's "willingness" in terms of intention or commitment to engage in the specific behavior is equally important. However, with a few exceptions (see Calabro, Mussolino, & Huse, 2009; Zahra, 2003), most research on family business internationalization has used family ownership and/or management as proxies for family involvement, which fails to capture the "willingness" of family influence. Hence, a more fine-grained examination of family influence is needed to gain a clear and precise understanding of how family involvement affects firm internationalization. Specifically, the influence of the identity of the board chair (family vs. nonfamily member) and the involvement of multiple family generations—two more precise indicators of a family's willingness to pursue family-centered goals and engage in idiosyncratic behavior—have not been fully investigated.

Another possible reason for the mixed findings is that family firms vary in their resource bases. As resources play a pivotal role in a firm's international activities (Peng, 2001), especially intangible resources such as knowledge and expertise, the stock of resources available to a family firm should have important implications for its international behavior. Indeed, previous research suggests that family firms do not usually favor resource-demanding strategies such as internationalization due to their limited access to resources (Arregle et al., 212; Gomez-Mejia et al., 2010; Schulze, Lubatkin, Dino, & Buchholtz, 2001). To overcome their resource constraints, family firms may involve multiple family generations in the business (Miller & Le Breton-Miller, 2006), hire independent external directors (Arregle et al., 2012), or select directors with different backgrounds. For example, Arregle et al. (2012) found that a high representation of external directors can increase a firm's international activities because these directors can share experience from previous international ventures and serve as channels for communicating with external parties. However, the literature on family business internationalization has not paid enough attention to how the board chair and the involvement of multiple generations in a business affects its international activities, especially from a resource perspective, and we know even less about how these effects may depend on other factors, e.g., overall board experience.

We thus introduce the provision of resources through multiple generational involvement and board experience as factors affecting a family firm's international behavior. It may also be helpful to consider the target market environment, especially geographical location, to obtain a more complete understanding of the influence of family involvement on firm internationalization. The international business literature suggests that the geographical location of the target market is an important element firms consider when deciding on international activities (Goerzen & Beamish, 2003). Internationalizing to geographically distant regions requires a larger set of resources and brings higher costs (Sorenson & Stuart, 2001; van Kranenburg, Hagedoorn, & Lorenz-Orlean, 2014). Therefore, as the geographical location of target market may have implications for how family involvement affects internationalization, we examine this effect.

Following the suggestion of De Massis et al. (2014), we also examine the influence of two indicators of family's willingness, namely the presence of a family member as board chair and the involvement of multiple family generations, on the international behavior of family firms. Moreover, from a resource perspective, we investigate how the effect of family involvement is contingent on the level of experience of the board of directors. We also examine whether the effects on internationalization of a family board chair and multiple family generations is consistent across different geographical regions. This study extends the family business research in three key ways. First, it confirms De Massis et al.'s (2014) notion that both ability and willingness are important conditions of family influence on firm behavior. Second, our study highlights the important influence of multiple family generations and board member experience on the internationalization of family firms, confirming their role in providing key resources for internationalization. Third, our study shows that the influence of multiple family generations is more salient when internationalization involves geographically distant target markets, confirming the need to consider the target market environment when investigating the internationalization of family firms.

The rest of the paper is structured as follows. We first explain the overarching theoretical framework guiding this study and then propose a set of hypotheses. Next, we describe the methodology used to test these hypotheses. The results are then presented and discussed, and we conclude by considering the limitations and contributions of our study.

## THEORIES AND HYPOTHESES

The resource-based view (RBV) long applied in the field of international business (Barney, Wright, & Ketchen, 2001; Peng, 2001) holds that "international diversification seeks to use internal resources and capabilities to exploit market imperfections existing across global regions and countries" (Hitt, Hoskisson, & Kim, 1997:769). This indicates that a firm's international activities depend on their stock of knowledge related to foreign markets and institutional environments and their experience of international activities in different countries (Casillas & Moreno-Menéndez, 2014; Eriksson, Johanson, Majkgard, & Sharma, 1997; Madhok, 1997). However, family-controlled firms may face unique challenges in internationalization (Graves & Thomas, 2006) because of their limited resources (Sirmon & Hitt, 2003) and restricted talent pool (Carney, 1998; Chrisman, Memili, & Misra, 2013; Le Breton-Miller, Miller, & Lester, 2011). However, family firms can complement their limited resources by recruiting diverse board members (Jones, Makri, & Gomez-Mejia, 2008) and involving multiple family generations in the firm (Miller & Le Breton-Miller, 2006). For example, previous research has shown that board members, especially if they are external and independent, can facilitate international activity in family firms by providing external links and access to external resources (e.g., Arregle, Naldi, Nordqvist, & Hitt, 2012; Bloodgood, Sapienza, & Almeida, 1996; Jones, Makri, & Gomez-Mejia, 2008).

In addition to their limited resources, the desire to preserve socio-emotional wealth (SEW) may further impede internationalization by family firms. SEW is a non-economic utility a family derives from owning and controlling the family firm. For example, through preserving SEW, family firms are found to be less diversified (Jones, Makri, & Gómez-Mejía, 2008; Gómez-Mejía, Makri, & Larraza-Kintana, 2010), invest less in R&D (Chrisman & Patel, 2012; Patel & Chrisman, 2013), accept increased financial risk (Gomez-Mejia, Haynes, Nunez-nickel, Jacobson, & Moyano-Fuentes, 2007), and have greater IPO underpricing (Leitterstorf & Rau, 2014). These studies also confirm that concern over the loss of SEW is a primary reference point in strategic decision making in family firms (Gomez-Mejia, Cruz, Berrone, & De Castro, 2011). Because family firms are averse to the risk of losing control of the firm, and incorporating outsiders increases this risk, family firms are less likely to internationalize (Gomez-Mejia, Makri, & Kintana, 2010).

Based on the influence of resources and SEW, the next section develops hypotheses regarding the effect of a family member as board chair, the involvement of multiple family generations, and board experience as independent and interactive factors in the internationalization of family firms.

**Family board chair and family firm internationalization**

It is widely agreed that a company's board of directors influences its strategic decision-making. The board chair has been described as "the most important officer of the board" (Smith, 2000, p. 35), and the "first among equals" (Davis, 1992, p. 164). Thus, the strategic behavior of family firms may be influenced by the identity of the board chair (i.e., a family vs. a nonfamily member). In this study, we propose that a family board chair may negatively affect the internationalization of a family firm. First, from a resource perspective, family firms with a family board chair may have more limited resources than those with an externally recruited chair. Since internationalization requires knowledge and expertise related to external markets and institutional environments (Arregle et al., 2012; Hitt, Uhlenbruck, & Shimizu, 2006), a family board chair may have less knowledge of external markets and thus be less likely to engage in international activity. In contrast, a nonfamily board chair is likely to serve as a channel to external parties and provide the firm with new knowledge and perspectives to help with strategic decision making, thus promoting international activity.

Second, the presence of a family board chair may also imply that the family has a strong tendency to keep control of the firm. In other words, family firms with a family board chair may be more focused on preserving the family's SEW. As family firms are generally unwilling to risk the loss of SEW, and internationalization is a risky strategic decision (Zahra, 2003) posing a potential hazard to SEW, family firms are less likely to undertake international expansion (Gomez-Mejia et al., 2010). Thus a family board chair should reduce the likelihood of engaging in international activities due to a stronger tendency to preserve SEW. Taken together, we argue that a family board chair reduces internationalization due to constrained resources and a strong tendency to preserve SEW.

*H1: Family firms whose board chair is a family member have lower levels of internationalization than family firms whose board chair is not a family member.*

**The involvement of multiple family generations in the business and family firm internationalization**

Previous research suggests that fresh insights and different perspectives from family members of different generations help to build a firm's capabilities (Habbershon et al., 2003; Miller & Le Breton-Miller, 2006) and identify and exploit entrepreneurial opportunities (Hsu & Chang, 2011; Kellermanns et al., 2008; Kellermanns & Eddleston, 2006). Insights from the literature on top management teams suggest that diversity among members, especially cognitive diversity, promotes information sharing (Bunderson & Sutcliffe, 2002) and improves decision comprehensiveness (Simons et al., 1999). We argue that the cognitive diversity of multiple generational involvement can help alleviate uncertainties associated with internationalization, thus encouraging a firm's international activities. Moreover, a shared family identity should encourage altruism toward one another (Schulze, Lubatkin, & Dino, 2003) and thus facilitate knowledge sharing and exchange, helping to identify opportunities for international expansion. Furthermore, younger generations are more likely to have international experience and a solid base of knowledge of foreign markets and institutional environments through studying abroad or working overseas (Fernández & Nieto, 2005), which will be instrumental in identifying international opportunities once they become involved in management and governance.

Younger generations are also more likely to take risks and engage in international activities. As Zahra (2003) argues, the presence of different generations of family members in a family firm is conducive to an organizational culture that encourages risk tasking, thus increasing opportunities for international expansion. Last, multiple generations in the business may also incentivize the firm to look beyond the domestic market to the broader international market to meet the diverse career needs of different family generations. Thus, we hypothesize:

*H2: Family firms with multiple family generations involved in management and governance show greater internationalization than those with only one generation is involved.*

**The moderating effects of board experience**

H1 suggests that a family board chair will have an inverse effect on a family firm's international behavior. This relationship, however, is not expected to be uniform across all family firms. We argue that the strength of the association between a family board chair and internationalization may depend on the level of experience of the board. Specifically, we propose that increased board experience will weaken the negative effect of a family board chair on internationalization.

From a resource perspective, the board is a major source of knowledge and expertise for a firm (Zahra & Filatotchev, 2004). The board not only provides channels of information to external organizations, but also helps the firm to acquire outside resources (Hillman & Dalziel, 2003). Research has shown that a firm's strategic decisions are influenced by the prior experience of board directors with such strategies (Haunschild & Beckman, 1998; Zhu & Chen, 2015). Therefore, we expect the experience of board directors to influence a firm's internationalization behavior. First, a board with great experience, whether related to international markets or not, should complement the knowledge shortage associated with a family board chair by identifying and exploiting international opportunities, thus reducing the negative effect on internationalization of the resource constraints resulting from a family board chair. Second, uncertainty and complexity are often associated with foreign markets (Sanders & Carpenter, 1998). The general business knowledge and collective experience of the board can provide the firm with additional resources to reduce the uncertainty of doing business in unknown markets, hence reducing the negative effect of a family board chair. Third, from a SEW perspective, the availability of board experience as an internal resource may make family firms less reliant on external expertise and resources for international expansion, thus reducing the likelihood of diluting control over the firm and the loss of SEW. Likewise, we argue that board experience can strengthen the positive effect of generational involvement on internationalization by providing advice and serving as channels with external parties. Taken together, we hypothesize:

*H3a: Board experience moderates the negative effect of a family board chair on internationalization such that the negative relationship is weakened.*

*H3b: Board experience moderates the positive effect of multiple family generations on internationalization such that the positive relationship is strengthened.*

**Geographical distance as a moderator**

We further propose that the geographical location of the target market has an important influence on the effects of family involvement on firm internationalization. The literature on cross-border technology transfer suggests that the geographic distance between partners is important in a firm's decision to transfer technology (Ghemawat, 2001; Jaffe, Trajtenberg, & Henderson, 1993; Kim, 2009). Greater physical distance increases the challenge for firms to communicate and exchange information, thus they are less likely to choose technology partners in distant regions (van Kranenburg et al., 2014). Following this logic, we argue that greater physical distance between the home country and target market makes it more difficult for firms to communicatiate with foreign partners, and thus requires more resources. As discussed, family board chairs can impede internationalization due to their limited resources. This negative effect of a family board chair should thus have a more pronounced effect on internationalizing to distant regions, which requires more resources and expertise.

Increased physical distance is also likely to increase the cost of seeking partners with the right competencies (Sorenson & Stuart, 2001). As family firms with a family board chair are more likely to try to preserve SEW, they should be less likely to take on the extra risk and cost of international activities in distant regions. Furthermore, distant regions such as Asia-Pacific generally have a larger cultural distance from the home country, implying different mindsets and norms (Hofstede, 1980), thus a greater risk of disrupting the traditional core values of a family firm. We therefore expect family firms with a family board chair to be less willing to take such risks. Likewise, the positive effect of multiple family generations on internationalization should be more pronounced in more distant regions, because the generations have diverse perspectives and greater willingness to take risks and invest extra costs in distant regions. Taken together, we hypothesize:

> *H4a: The negative effect of a family board chair on internationalization is more pronounced for regions that are geographically more distant.*

> *H4b: The positive effect of the involvement of multiple family generations on internationalization is more pronounced for regions that are geographically more distant.*

## METHODOLOGY

### Sample

We test our hypotheses using longitudinal data from Standard and Poor's (S&P) 500 company index, based on the availability and reliability of data on family involvement, accounting details, and internationalization. Consistent with prior research (Wang, 2006), we adopt a list of 177 U.S.

family firms published in *Business Week* (2003). Multiple data sources are utilized to operationalize the measures. Standard and Poor's Compustat's business segment database is used to gather overall and regional internationalization information for family firms. Data related to family board chairs and the number of family generations involved in a firm are hand-collected from firm proxy statements and their annual reports (10-K) filed with the Securities and Exchange Commission (SEC)[1]. Data related to board experience for 2007-2010 is obtained from Compustat's Institutional Shareholder Services (ISS)[2] database, and hand-collected for 2006. After removing observations with missing values, our final data sample consists of 112 family firms, representing 460 firm-year observations from 2006 to 2010. To control for potential survivorship bias we use the same list of family firms for the entire sample period (Anderson & Reeb, 2003).

**Measurement**

The dependent variable *internationalization* captures the extent to which a family firm is internationalized. Following prior research (e.g., Hitt, Hoskisson, & Kim, 1997; Gomez-Mejia, Makri, & Kintana, 2010), this is calculated based on the sales generated from foreign markets divided by the firm's total sales for a particular year. Independent variables are *family board chair* and *multiple family generations involved in the business*. We use a dummy variable coded 1 if the chair is a family member and 0 otherwise. Similarly, the business is coded 1 if there are two or more generations involved in the business and 0 otherwise. Consistent with the current literature (Judge et al., 2015), the moderator variable *board experience* is measured using the average age of the directors on the board.

In addition, we control for *firm age, firm size, firm performance, firm leverage, manufacturing, CEO tenure,* and *board size*. As the different challenges faced at different stages of a firm's life

[1] Accessed online through http://www.sec.gov/edgar/searchedgar/companysearch.html
[2] Institutional Shareholder Services offers board director information only after 2006

cycle (Sorenson & Stuart, 2000; Arregle, Batjargal, Hitt, Webb, Miller, & Tsui, 2013), can affect its international activities, firm age is controlled using its number of years in business. Firm size is controlled because larger firms have more resources they can use for international activities (Zahra, 2003), and is calculated using the logarithm of the number of employees. We control for firm accounting performance because this affects internationalization (Zahra, Neubaum, & Huse, 1997), and measure it using return on assets (ROA). Firm leverage is measured as total liabilities divided by total assets. Firm industry is controlled because this may affect the potential for internationalization (Liang, Wang, & Cui, 2014), and we use a dummy variable coded 1 for the manufacturing industry and 0 otherwise (Gomez-Mejia et al., 2010; Arregle et al., 2012). Decision-making in a firm is greatly affected by the CEO, whose power is reflected by tenure (Gomez-Mejia et al., 2010), thus we measure the number of years the CEO has held the position (Gomez-Mejia et al., 2010). Last, we control for board size, as a bigger board may improve effectiveness (Jensen & Meckling, 1976), and so contribute to internationalization. Table 1 summarizes the variable definitions.

Table 1 Variable Definition

| Variables | Definition |
|---|---|
| *internationalization* | Firm's sales to outside US regions scaled by total sales |
| *Americas* | Firm's sales to non-US America regions scaled by total foreign sales |
| *EU_APAC* | Firm's sales to Europe and Asia-Pacific regions scaled by total foreign sales |
| *board experience* | Firm board directors experience, measured by the average age of all board directors |
| *family board chair* | An indicator variable that takes the value of 1 for firms where board chair is family member, and 0 otherwise |
| *multiple family generations involvement* | An indicator variable that takes the value of 1 for firms where at least two family members in top management team or board and the family members are from different generations. |
| *firm age* | Firm age measured by the number of years a firm was incorporated in CRSP |
| *firm performance* | Return on assets (Net income scaled by total assets) |
| *firm size* | The size of the firm (natural log of number of total employees) |
| *firm leverage* | Financial leverage (total liabilities scaled by total assets) |
| *manufacturing* | An indicator variable that takes the value of 1 for firms in Manu industry, and 0 otherwise |

| | |
|---|---|
| *board size* | The size of the firm board (natural log of number of board directors) |
| *CEO tenure* | CEO tenure in the firm (natural log of years of CEO in the firm) |

## Model specification and estimation

Following previous approaches (e.g., Anderson & Reeb, 2003; Gomez-Mejia et al., 2010), we test our hypotheses using pooled ordinary least (OLS) estimates and robust standard errors. We first examine the main effects of a family board chair and the involvement of multiple family generations on firm internationalization. Then, we add the interaction term of board experience. The estimated models are as follows,

$$Foreign_{it} = \beta_0 + \beta_1 Control_{it} + \varepsilon_{it}, \quad (1)$$

$$Foreign_{it} = \beta_0 + \beta_1 Gov_{it} + \beta_2 Intention_{it} + \beta_2 Exper_{it} + \beta_3 Control_{it} + \varepsilon_{it}, \quad (2)$$

$$Foreign_{it} = \beta_0 + \beta_1 Gov_{it} + \beta_2 Intention_{it} + \beta_3 Exper_{it} + \beta_4 Gov_{it} * Exper_{it} + \beta_5 Control_{it} + \varepsilon_{it}, \quad (3)$$

$$Foreign_{it} = \beta_0 + \beta_1 Gov_{it} + \beta_2 Intention_{it} + \beta_3 Exper_{it} + \beta_4 Intention_{it} * Exper_{it} + \beta_5 Control_{it} + \varepsilon_{it}, \quad (4)$$

where equation (1) is the baseline model and equation (2) explores the degree of international diversification when the board chair is a family member and the family has two or more generations involved in the business (H1 and H2). Equations (3) and (4) examine the potential moderating effects of board director experience on the main effects of a family board chair and multiple generational involvement on firm internationalization (H3a and H3b).

To test Hypotheses 4a and 4b, we repeat our regression analyses of models (1) to (4) based on sub-regional samples divided according to geographic distance from the home country. Asia-Pacific and Europe are considered geographically distant and American regions close. Further, the year effect is controlled in our regression model to alleviate the effect of the business environment cycle. All variables are standardized for regression analysis to mitigate variable scaling effects.

## EMPIRICAL RESULTS

The descriptive statistics and correlation coefficients for all variables are shown in Table 2. On average, foreign sales account for 29 percent of total sales for our sample firms. The majority of international sales, 39 percent of total sales, is to geographically distant regions in Europe and Asia-Pacific, and 20 percent is to American regions. Forty-eight percent of our sample firms have a family board chair, and 10 percent have two or more family generations in management and/or governance of the firm. Board member experience measured by average age is 61.5, and average CEO turnover is approximately 6 years. We observe large heterogeneity in family firm age, operating performance, size, and leverage, all showing wide variance around the mean. Last, approximately half of our sample firms are in the manufacturing industry.

Consistent with our expectations, the correlation matrix shows significant relationships among our variables of interest and provides preliminary support for our hypotheses. The presence of a family board chair is found to have a negative effect on firm internationalization. Furthermore, the involvement of multiple family generations has a significant and positive effect on firm internationalization at the 0.05 level. Table 2 shows significant relationships between control variables such as firm age, industry, and international sales, confirming the need to control for these variables.

Table 2 Descriptive Statistics and Correlations

| **Variables** | **Mean** | **S.D.** | **0.25** | **Mdn** | **0.75** | **1** | **2** | **3** | **4** | **5** | **6** | **7** | **8** | **9** | **10** | **11** | **12** |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| *1.internationalization* | 0.29 | 0.33 | 0.00 | 0.16 | 0.51 | | | | | | | | | | | | |
| *2.Americas* | 0.20 | 0.32 | 0.00 | 0.00 | 0.28 | 0.31*** | | | | | | | | | | | |
| *3.EU_APAC* | 0.39 | 0.43 | 0.00 | 0.18 | 0.88 | 0.58*** | -0.18*** | | | | | | | | | | |
| *4.board experience* | 61.54 | 3.29 | 59.35 | 61.35 | 63.60 | 0.06 | 0.04 | 0.02 | | | | | | | | | |
| *5. family board chair* | 0.48 | 0.50 | 0.00 | 0.00 | 1.00 | -0.09 | -0.06 | -0.14** | 0.09 | | | | | | | | |
| *6. multiple family generations* | 0.10 | 0.30 | 0.00 | 0.00 | 0.00 | 0.13** | 0.00 | 0.17*** | 0.07 | 0.22*** | | | | | | | |
| *7. firm age* | 3.35 | 0.54 | 2.99 | 3.38 | 3.73 | 0.10* | 0.04 | 0.13** | 0.09 | -0.08 | 0.00 | | | | | | |
| *8.firm performance* | 0.06 | 0.08 | 0.03 | 0.06 | 0.10 | 0.01 | -0.04 | 0.14** | 0.00 | -0.05 | 0.11* | 0.04 | | | | | |
| *9.firm size* | 3.17 | 1.13 | 2.26 | 3.09 | 3.88 | -0.05 | 0.21*** | -0.14** | -0.04 | 0.00 | -0.02 | 0.20*** | 0.13** | | | | |
| *10.firm leverage* | 0.54 | 0.19 | 0.42 | 0.53 | 0.67 | -0.11* | 0.06 | -0.13** | 0.05 | 0.03 | -0.13** | 0.13** | -0.23*** | 0.06 | | | |
| *11.manufacturing* | 0.52 | 0.50 | 0.00 | 1.00 | 1.00 | 0.37*** | -0.07 | 0.48*** | -0.07 | -0.11* | 0.02 | 0.17*** | -0.05 | -0.24*** | -0.01 | | |
| *12.board size* | 2.45 | 0.19 | 2.30 | 2.49 | 2.57 | 0.07 | 0.19*** | -0.02 | 0.03 | 0.20*** | 0.28*** | 0.34*** | 0.01 | 0.21*** | 0.04 | -0.02 | |
| *13.CEO tenure* | 1.74 | 0.84 | 1.10 | 1.79 | 2.30 | 0.01 | 0.03 | 0.01 | 0.21*** | 0.08 | -0.09* | -0.03 | 0.06 | 0.03 | -0.10* | -0.06 | -0.11* |

* $p < 0.10$, ** $p < 0.05$, *** $p < 0.01$

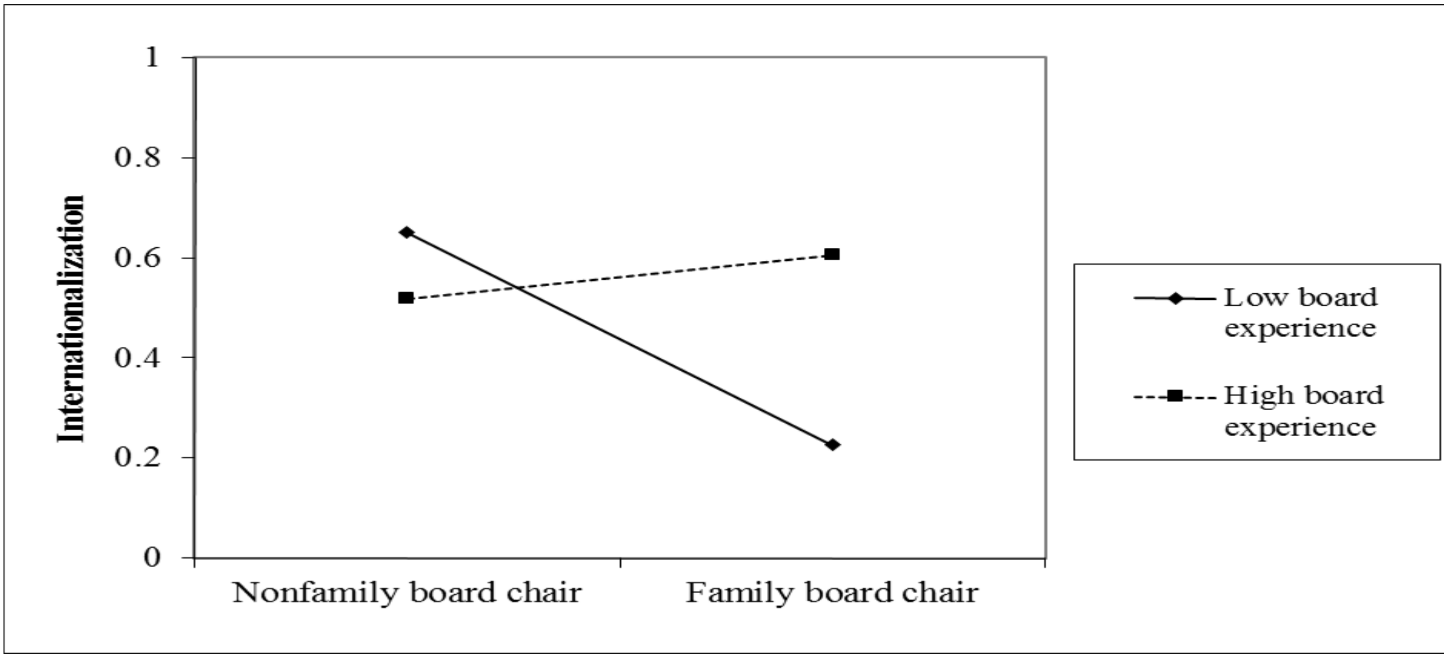
We use hierarchical regressions to test our hypotheses. For Hypotheses 1 and 2, we first run a baseline model (Model 1) including only the control variables, and then run Model (2) including the moderator and the two independent variables—family board chair and multiple generational involvement. The results are tabulated in Table 3. A family board chair is found to be negatively associated with family firm internationalization ($p<0.1$), while multiple generational involvement has a significant positive effect ($p<0.01$). Thus, Hypotheses 1 and 2 are both supported. We then add the interactions between the independent variables and the moderator to test Hypotheses 3a and 3b, and report their results under Models (3) and (4). Consistently, these results show that board experience positively moderates the negative effect of a family board chair on firm internationalization ($p<0.01$). Specifically, the negative effect of a family board chair is attenuated by the level of experience of board members (see figure 1). This highlights the importance of considering board experience when examining the role of board chair identity on the internationalization of family firms. However, we find no significant moderating effect of board experience on the relationship between multiple generational involvement and internationalization. In other words, the effect of multiple family generations on internationalization does not depend on their board experience. Hence, Hypothesis 3a is supported but Hypothesis 3b is rejected. We also test the variance inflation factors (VIF) for evidence of multicollinearity, which occurs at values of 10.0 or higher (Neter, Kutner, Nachtsheim, & Wasserman, 1996). All these scores in our study are below 2, suggesting that multicollinearity is not an issue in our analyses.

Table 3 Results from Testing Hypotheses 1-3

| | (1) | (2) | (3) | (4) |
|---|---|---|---|---|
| *family board chair* | | -0.087* | -0.084* | -0.089* |
| | | (0.045) | (0.045) | (0.046) |
| *multiple family generations involvement* | | 0.117*** | 0.103** | 0.114*** |
| | | (0.039) | (0.040) | (0.039) |
| *board experience* | | 0.073* | 0.062 | 0.069 |
| | | (0.043) | (0.042) | (0.044) |
| *family board chair*board experience* | | | 0.128*** | |
| | | | (0.041) | |
| *multiple family generations involvement *board experience* | | | | 0.021 |
| | | | | (0.032) |
| *firm age* | 0.017 | 0.009 | 0.017 | 0.011 |
| | (0.048) | (0.049) | (0.049) | (0.049) |
| *Firm performance* | 0.004 | -0.012 | -0.015 | -0.013 |
| | (0.062) | (0.060) | (0.058) | (0.060) |
| *firm size* | 0.020 | 0.031 | 0.043 | 0.031 |
| | (0.043) | (0.042) | (0.042) | (0.042) |
| *firm leverage* | -0.122** | -0.109** | -0.110** | -0.107** |
| | (0.048) | (0.048) | (0.048) | (0.049) |
| *Manufacturing* | 0.370*** | 0.366*** | 0.359*** | 0.367*** |
| | (0.044) | (0.044) | (0.044) | (0.044) |
| *board size* | 0.068 | 0.051 | 0.050 | 0.051 |
| | (0.046) | (0.050) | (0.049) | (0.050) |
| *CEO tenure* | 0.021 | 0.025 | 0.021 | 0.025 |
| | (0.045) | (0.047) | (0.046) | (0.047) |
| Year controlled | Yes | Yes | Yes | Yes |
| *N* | 460 | 460 | 460 | 460 |
| F-Stat | 9.59*** | 11.79*** | 12.33*** | 11.00*** |
| R2 | 0.1612 | 0.1822 | 0.1979 | 0.1828 |
| Adj_R2 | 0.1407 | 0.1565 | 0.1708 | 0.1552 |
| Incre_R2 | | | 0.016*** | 0.001 |

Standard errors in parentheses ; * $p < 0.10$, ** $p < 0.05$, *** $p < 0.01$

Figure 1 The Moderating effect of board experience on family board chair-firm internationalization Relationship




Hypotheses 4a and 4b address how geographical distance between the home country and target market affects the relationship between family involvement and internationalization in family firms. To test these, we divide our sample into two sub-samples of geographically close versus distant countries. Table 4 shows the results for geographically close regions on the left-hand side and distant regions on the right. For both subsets, a family board chair has a significant negative effect on family firm internationalization (both $p<0.05$), and similar economic significance. These results indicate that a family board chair is equally concerned about the loss of SEW regardless of geographical distance. In other words, concern over the loss of control is a strong obstacle to internationalization. However, the effect of multiple generational involvement on internationalization is only significant and positive for geographically distant regions ($p<0.01$).

This confirms that the varying perspectives provided by multiple generations play an important role when family firms decide to expand to geographically distant regions. In short, Hypothesis 4a is rejected, while Hypothesis 4b is supported.

Table 4 Results from Testing Hypotheses 4a and 4b

| | (1) | (2) | (3) | (4) | (5) | (6) |
|---|---|---|---|---|---|---|
| | *Americas* | *Americas* | *Americas* | *Americas* | | *EU_APAC* |
| *family board chair* | | -0.110** | -0.108** | -0.108** | | -0.108** |
| | | (0.049) | (0.048) | (0.049) | | (0.042) |
| *multiple family generations involvement* | | -0.015 | -0.027 | -0.011 | | 0.178*** |
| | | (0.047) | (0.050) | (0.047) | | (0.033) |
| *board experience* | | 0.039 | 0.029 | 0.045 | | 0.035 |
| | | (0.043) | (0.042) | (0.042) | | (0.037) |
| *family board chair*board experience* | | | 0.112** | | | |
| | | | (0.044) | | | |
| *multiple family generations involvement*board experience* | | | | -0.035 | | |
| | | | | (0.039) | | |
| *firm age* | -0.066 | -0.087* | -0.081 | -0.089* | 0.065 | 0.063 |
| | (0.050) | (0.051) | (0.051) | (0.051) | (0.046) | (0.050) |
| *firm performance* | -0.051 | -0.054 | -0.057 | -0.054 | 0.147*** | 0.125*** |
| | (0.040) | (0.039) | (0.039) | (0.039) | (0.046) | (0.046) |
| *firm size* | 0.182*** | 0.179*** | 0.189*** | 0.178*** | -0.048 | -0.038 |
| | (0.052) | (0.051) | (0.051) | (0.052) | (0.039) | (0.040) |
| *firm leverage* | 0.037 | 0.039 | 0.038 | 0.036 | -0.096 | -0.072* |
| | (0.043) | (0.042) | (0.042) | (0.042) | (0.043) | (0.042) |
| *Manufacturing* | -0.007 | -0.012 | -0.018 | -0.015 | 0.469*** | 0.458*** |
| | (0.044) | (0.046) | (0.046) | (0.046) | (0.043) | (0.044) |
| *board size* | 0.178*** | 0.211*** | 0.210*** | 0.211*** | -0.020 | -0.050 |
| | (0.044) | (0.048) | (0.047) | (0.048) | (0.046) | (0.048) |
| *CEO tenure* | 0.046 | 0.050 | 0.047 | 0.049 | 0.018 | 0.035 |
| | (0.052) | (0.053) | (0.053) | (0.053) | (0.044) | (0.045) |
| Year controlled | Yes | Yes | Yes | Yes | Yes | Yes |
| *N* | 460 | 460 | 460 | 460 | 460 | 460 |
| F-Stat | 4.12*** | 3.77*** | 3.68*** | 3.66*** | 18.17*** | 22.67*** |
| R2 | 0.0779 | 0.0904 | 0.1024 | 0.0921 | 0.2757 | 0.3093 |
| Adj_R2 | 0.0553 | 0.0619 | 0.0722 | 0.0615 | 0.2579 | 0.2876 |
| Incre_R2 | | | 0.012** | 0.002 | | |

Standard errors in parentheses
* $p < 0.10$, ** $p < 0.05$, *** $p < 0.01$

## DISCUSSION AND CONCLUSION

Internationalization plays an important role in the continuous growth of family firms and the maintenance of their competitive advantage in today's ever-changing environment. Internationalization not only allows family firms to leverage opportunities in foreign markets but also provides opportunities to access knowledge in a large number of foreign markets. At the same time, internationalization involves risk taking and requires the investment of a large base of resources. Previous research has generated mixed findings regarding the effect of family involvement on internationalization, producing a lack of clarity about its precise effects.

This paper responds to the call by De Massis et al. (2014) to examine "ability" and "willingness" as conditions of family influence, using the presence of a family board chair and multiple generational involvement as two indicators of "willingness." From the perspective of resources and SEW, we examine the effects of these two dimensions of family involvement on internationalization both separately and through their interaction with board experience. Based on an analysis of S&P 500 firms, we find that the presence of a family board chair impedes family firm internationalization. This effect is likely due to the limited resources of a family board chair and the strong tendency to preserve SEW by not risking international engagement. This confirms the notion that family "willingness" is an important condition for understanding the family influence on firm behavior. In addition, this finding is inconsistent with Zahra's (2003) conclusion that CEO duality has a positive effect on internationalization. A possible explanation for this discrepancy between our findings is that the family board chair in our sample firms includes those who are also CEO and those who are not, whereas Zahra's study examines only the case where the board CEO is also the board chair. However, when board experience is taken into consideration, we find the negative effect of a family board chair is weakened. This confirms our prediction that an experienced board not only complements the resource constraints of a family board chair but also reduces uncertainty associated with internationalization and family concerns over loss of SEW, thus promoting internationalization.

Our second main finding that involvement of multiple family generations in the business has a positive effect on internationalization is in line with previous research (Zahra, 2003), and further extends it by considering the effects of governance experience. Our finding confirms that the diverse perspectives of multiple generations in family firms are conducive to internationalization, and may reduce family concerns over the loss of SEW, making family firms more willing to take risks and engage in international activities. Further, the effect of multiple family generations is found to be consistent regardless of the level of board experience. A possible explanation for this is that younger family members may be more internationally oriented, helping them to leverage external resources for international activities. Where the firm lacks necessary resources for internationalization, younger generations may look outside the firm to obtain resources instead of relying on the board for advice. The third main finding, that the effect of multiple family generations is more pronounced when family firms internationalize to geographically distant regions, confirms that target market conditions are important factors to take into account when studying the effect of family involvement on internationalization.

Our study makes several contributions to the family business literature. First, it confirms De Massis et al.'s (2014) notion that both "ability" and "willingness" are necessary conditions for family influence on firm behavior. Most current family business literature, including internationalization research, focuses on family involvement in firm behavior based on ownership and/or management (e.g. Crick et al., 2006; Gomez-Mejia et al., 2010; Liang et al., 2014; Thomas & Graves, 2005), without considering "willingness." According to De Massis et al., (2014) and Chrisman et al., (2012), "willingness" or the "family essence" must be considered together with "ability" to understand the influence of a family on firm behavior. Addressing either "ability" or "willingness" alone may partly explain the mixed findings in the literature regarding family influence on firm internationalization. Our analysis of 112 family firms, all of which met the "ability" condition via family involvement in the firm, shows different levels of international behavior depending on the "willingness" of the family firm, as measured by a family board chair and multiple family generations in the business. Thus, our study provides empirical evidence to support the importance of "ability" and "willingness," confirming the need to consider both to understand the influence of family on firm behavior.

Second, our study extends our understanding of the antecedents of family firm internationalization, especially from the perspective of board chair identity and access to resources. Past literature has suggested the importance of the CEO-board chair duality in family firm internationalization (e.g. Barroso, Villegas, & Pérez-Calero, 2011; Hsu, Chen, & Cheng, 2013; Sanders & Carpenter, 1998), but how board experience and board chair identity affect family firm internationalization has remained unknown, despite suggestions that owner identity may affect the time horizon, risk assessment, mitigation criteria, and expectations for firm strategy (David, O'Brien, Yoshikawa, & Delios, 2010; Thomsen & Pedersen, 2000). Our finding that the presence of a family board chair impedes internationalization confirms the important role of board chair identity in family firm internationalization. Our findings that multiple family generations and board experience contribute to internationalization confirm the role of the board and family members in providing resources for internationalization, and thus open avenues for future research into the effects of board composition and resource provision on the behavior of family firms.

Third, our study enhances our understanding of the heterogeneous behavior of family firms. The heterogeneity of family businesses has long been recognized in the family business literature (Chrisman, Chua, Steier, & Rau, 2012; Melin & Nordqvist, 2007). In our study we not only analyze the individual and interactive effects of family involvement and board experience on internationalization, but also the effect of family involvement relative to the geographical distance of the markets. Our finding that involving multiple family generations has a more pronounced effect on regions further from the home country confirms that target market conditions should be taken into account to understand the heterogeneous international behavior of family firms.

Our study has some limitations that suggest areas for future research. First, our empirical analysis verifies that overall board experience can complement the resource constraints of a family board chair and thus facilitate international behavior. This suggests the role of the board in providing resources for family firm internationalization. However, our analysis focuses on the general business knowledge possessed by the board, while previous literature suggests that knowledge can be categorized by both breadth and depth (Bierly & Chakrabarti, 1996). Therefore, we recommend that future research includes the effect of the depth dimension of board knowledge, especially in relation to international expansion, on family firm internationalization. Second, our analysis of target market conditions focuses on the geographic distance between home and foreign countries. Future research could consider more components of the distance between home and target countries, for example, Ghemawat (2001) suggests dimensions of distance such as economic and formal versus informal institutional distance. Finally, given that our analysis is confined to

U.S. publicly listed companies, we recommend that future research should investigate the internationalization of non-US family and private sector firms.

In conclusion, our findings have important implications for theory development in the field of family business. It not only suggests that the international behavior of family firms is determined by family "ability" and "willingness," but also highlights the important role of the board in resource provision for family firm internationalization. Further, it emphasizes the need for additional research on the source of family business internationalization, especially from the perspective of board resources.

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