UNIVERSITÀ DEGLI STUDI DI ROMA "TOR VERGATA"

FACOLTA' DI ECONOMIA

DOTTORATO DI RICERCA IN BANCA E FINANZA

XX CICLO DEL CORSO DI DOTTORATO

International strategic alliances and internationalisation process: the family ownership effect in Italy

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Roma, 10 luglio 2008

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I thank Prof. Roberto Aguiari, Università degli Studi Roma Tre, for scientific support, he has been always careful to make express my potentiality. He is the example of Researcher and Lecturer.

I thank Prof. Daniela Venanzi, Università degli Studi Roma Tre, for her suggestions on my research. I thank Prof. Angela Paladino, University of Melbourne, she has revised thesis in the delicate last step.

This work has been developed during PhD Course coordinated by Prof. Alessandro Carretta, who follows my colleagues and I asking us our best and creating a field of research where the ideas grow and develop, giving us the tools to improve our skills. My colleagues and friends have been always helpful.

My Family has been determinant in every moment on the way of studying and writing.

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1. Abstract

Internationalisation strategy decisions are influenced by features of firms and Italian family firms make a significant contribution to the Italian economy. This study examines whether the family ownership structure of Italian firms affects internationalisation process of firms that completed equity international strategic alliances (EISA). The study compares the degree of internationalisation, the internationalisation commitment, the choice of country and the growth of organisation of family businesses and non-family businesses. Family definition is based on family direct and indirect ownership of capital and the presence of a member in the board. Financial data of Italian firms that completed an EISA between 2003 and 2006 are available in the data base Zephyr of BvD Electronic Publishing and in the balance sheets of firms. The analysis of data shows that the family ownership has an effect on degree of internationalisation, in fact family businesses are more internationalised than non-family businesses if firms have completed an equity international strategic alliance. Family ownership does not influence growth of organisation and the choice of country in which international strategic alliances is formed. The family commitment positively influences internationalisation commitment The findings on influence of family commitment towards internationalisation commitment offers the opportunity for future research.

2. Introduction

This work is a study on which is the effect of family ownership structure between internationalisation process of Italian enterprises with equity international strategic alliances.

The approach is inductive, and my research question is: does family ownership structure influence internationalisation degree, internationalisation commitment, the choice of country and organisational growth of Italian internationalised firms with EISA. The goal is understanding which is the direction of family ownership effect if it exists.

In the first section of the work I identified what I mean with international strategic alliances and which form they assume the analysis of literature is developed considering ISA as a way of entry-market in fact when enterprises form strategic alliances with local partners they expand their activity cross-board. The assumed is that Italian Enterprises internationalise through equity international strategic alliances too (ICE 2005).

Internationalisation process is argued allowing eclectic approach, explaining why international strategic alliances are important and which features of them influence the choice of ISA forming process.

Family business literature studies entrepreneurial behaviour of family-run firms comparing family and non-family business behaviour and analysing their differences. The relevant question on family business definition is discussed. The researches find an influence of ownership structure on internationalisation process under specific conditions, my study inquiries on the effect of family ownership structure if enterprises form an equity international strategic alliance.

The source of the list of family and non-family businesses with an equity international strategic alliance and their financials are available in the data base of BvD Publisher, the sum of revenue of these enterprises is the 7% of PIL 2006, data are from 2003 to 2006. I completed data with balance sheet of enterprises from MBRES, of Mediobanaca, and from the Italian Department of Commerce.

The analysis of data compares the differences between the groups of family and non-family business to understand which is the ownership effect on internationalisation degree, internationalisation commitment and the localisation

of an EISA. These variables are measured as literature suggests, even if I adapted theme to the data available. The family business definition is the result of the study of literature and the ownership includes direct and indirect ownership.

New researches opportunities are argued in the conclusions.

3. Literature Review

3.1. International Strategic alliances

Forces of global competitiveness make necessary collaborations between firms (Lorange and Roos, 1992), strategic alliances can be done with foreign partners to achieve some benefits of a global strategy (Nielsen 2003). "International strategic alliances" (ISA) are defined as international inter-company cooperative arrangements (Urban and Vendemini 1992, Lu and Burton 1998). This kind of strategic alliance is defined as a business form of cooperation between two or more industrial corporations of different countries, whereby each partner seeks to augment its competences by combining its resources with those of the other partners (Jain 1987, Lu and Burton 1998). Alternatively ISA has been defined as any form of commercial activity across national boundaries involving two or more organizations. The feature of ISAs is the "long-term" cooperation between two or more independent firms headquartered in two (bi-national) or more (multinational) countries. ISAs are different from open-market trans-actions, that are minimal short-term cooperation and begin and end with the exchange of any economic good between two firms. No strategic alliances may increase efficiencies for both sides, but have little potential significance to the strategic positioning of either organization (Contractor and Lorange 1988).

The drivers to form an ISA are a variety of theoretical perspectives including transaction cost, resource dependency, organizational learning, strategic positioning (Nielsen 2003). Collusion, entry deterrence, erosion of competitors' positions or other means of augmenting market power are the more frequent incentives to collaborate between enterprises (Peridis 1992).

When a firm decides to form an ISA it has to decide the form, the object, the country and partner.

The three principal alliance forms are: traditional joint ventures, minority equity alliances and non-equity alliances (Contractor and Lorange 1988), they are also strategic if they don't make lose the identity to the firm, for example acquisition is not a strategic alliance (Yoshino and Rangan 1995). Traditional joint ventures are alliances with two or more partners to create a new incorporated firm in which each has an equity position and representation in the board of

directors: dependent joint ventures, dominant parent ventures, dominant parent ventures, split-control ventures and shared management ventures. Minority equity alliances are similar to non-equity alliances except that one parent has taken a minority equity position in the order: passive minority equity alliance and multiple-activity minority equity alliance. Non-equity alliances are agreements between partners to cooperate in some way, but they do not involve the creation of a new firm, nor does either partner purchase equity in other: trading alliance, coordinated- activity alliance, shared- activity alliances and multiple activity alliance (Contractor and Lorange 1988). Equity alliances take a longer time to be negotiated and organized, and have higher administrative and exit costs than non-equity alliances. Although non-equity involve quicker negotiations, partners may face more challenges in encountering opportunities, transferring tacit knowledge and having smaller alliances-specific investments than equity alliances (Gulati and Singh 1998, Joskow 1985, Murray and Kotabe 2005).

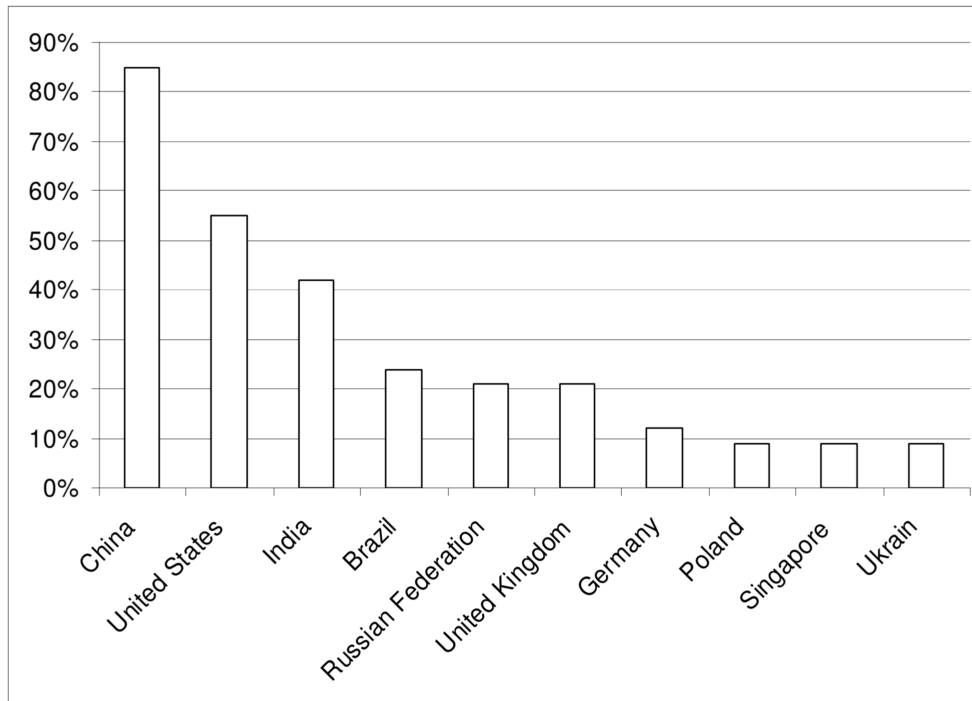
When a firm explores new opportunities, it prefers equity alliances even if it obtains less financial flexibility relative to non-equity alliances because of the feature of enterprise and its environment (Ireland, Hitt and Webb, 2006).

The object of alliance varies with the phases of the value added chain and so co-operations are R&D contracts, joint R&D, joint production, joint marketing and promotion, enhanced supplier partnership, distribution agreements, and licensing agreements. (Yoshino and Rangan 1995, Das and Teng 2000).

The choice of partner depends on goal and object of ISA, the partner is compliant to personality of firm or complementary (Casson and Mol 2006).

The choice of country is oriented to the emerging markets or to developed markets, investors continue to view emerging markets as the markets where investing and making alliances. In terms of the investment locations selected as the most attractive, four of the top five countries ranked by the percentage of responses from experts are in the developing world. China is considered the most attractive location by 85%, Graph 1. The UNCTAD highlights India’s high ranking as remarkable in comparison to the modest flow direct investment flows until recently (UNCTAD 2005).

Graph 1 - Most attractive global business locations responses of experts



Source: elaborating data of UNCTAD's survey, 2005. Countries are ranked according to the number of responses that rated each as the most attractive location.

Emerging markets have different contexts from developed markets and it is a result of a study of Harvard Business School in four fastest-growing markets in the world: Brazil, Russia, India and China (Table 1). In this markets often the only one way to enter is alliances with local partner (Khanna and Palepu 2005).

Table 1 - Modes of entry (Khanna and Palepu 2005)

US / EU	Brazil	Russia	India	China
Open to all forms of foreign investment except when governments have concerns about potential monopolies or national security issue.	Both Greenfield[1] investment and acquisitions are possible entry strategies. Companies team up with local partners to gain local expertise.	Both Greenfield investment and acquisitions are possible but difficult. Companies form alliances to gain access to government and local inputs.	Restrictions on Greenfield investments and acquisitions in some sectors make joint ventures necessary. Red tape hiders companies in sectors where the government does allow foreign investment.	The government permit Greenfield investments as well as acquisitions. Acquired companies are likely to have been state owned and may have hidden liabilities. Alliances let companies align interests with all levels of government.

3.2. Internationalisation process

Processes of internationalisation are defined in different ways because there are different approaches of studying enterprises (Fletcher, 2001). In the eclectic approach, firms have three internationalisation strategies: exporting, foreign direct investments and alliances (Lu and Beamish, 2001). These are not mutually exclusive even if these strategies are distinctly different (Lu and Beamish, 2006). These reasons of internationalising are several and there is a connection between them and the mode chosen. When internationalisation is only on trading, the enterprise could have domestic production and foreign market, that can be direct or can be developed through external arrangements or joint ventures (John, Ietto-Gillies, Cox and Grimwade 1997). When enterprises want to exploit a market and

[1] Greenfield investment refers to investment in new facilities and the establishment of new entities through entry as well as expansion, while M&As refer to acquisitions of, or mergers with, existing local firms.

minimize transaction-related risks, they choose foreign direct investment (Hennart, 1982; Rugman, 1982), instead they choose alliances if integration between the partners is high and the uncertainty and urgency in decision characterise venture business (Doz and Hamel, 1998; Arino and Reuer, 2004).

In many industries, economies of scale and scope can only be achieved by expanding the potential customer base well beyond domestic markets, requiring that firms enter international markets through strategic alliance, mergers or acquisitions, or joint ventures in order to operate efficiently (Rondinelli and Black, 2000).

Competitive advantage can be gained from the synergies of having operations in many countries, for instance, those synergies gained by arranging the location of assets in different places for different stages of the sourcing-production-distribution process. Firms can, for example, obtain raw materials in countries where prices are lowest, manufacture components in other countries offering low production costs, assemble components into finished products in countries with skilled labour and good support facilities, and distribute and sell those products in yet other countries where there is a strong consumer demand (Bartmess and Cerny 1993).

Network options, strategic alliances[2] are increasing within internationalising entrepreneurial firms. International expansions present limits for firm, whereby they cannot all be successful (Burpitt and Rondinelli 2004). For most companies, and especially for small and medium-sized firms, expansion into unknown markets in countries with different economic, political, and social conditions and with unfamiliar cultural and business practices can be risky and expensive, especially if they allow the learning-by-doing process, because it could take time and result in a mistake (Dierick and Cool 1989). The alliance has success if potential problems, such as goal conflicts, lack of trust, understanding and cultural differences and disputes over the division of control, do not emerge (Lu and Beamish 2001).

[2] For more about this topic see Gulati, 1998.

Firms are continuing to increase their sales and operations across national borders; however a firm has to face two important decisions: one is about strategy decision and the other is location entry. Country is chosen by enterprises looking at market size, physical and political infrastructure, education levels and the income (Ender and Shapiro, 2000). They decide between several entry strategies: no international involvement, licensing and franchising, exporting direct investment via a joint venture or the establishment of a wholly owned subsidiary (Hand Book on strategic alliances, 2006 p.289).

3.3. Family ownership effect

Internationalisation strategy decisions are influenced by features of firms (Dunning, 1988), so ownership structure could influence internationalisation process.

Ownership significantly influences a firm's strategic choices (Zahra, 1996; Zahra and Pearce, 1989). When researchers compare degree of internationalisation between family and non-family business they find that the family businesses have lower degree. When Fernandez and Nieto (2005) compared internationalisation in family and non-family small and medium enterprises, they found that the proportion of export firms and export sales is much lower in family than in non-family businesses. Either family business and non-family business record an increase in extent of internationalisation if they plan exports (Graves and Thomas 2006).

The power of family to decide the process of internationalisation is related to the percentage of stakes owned by the same family whereby the family ownership is directly proportionate to the degree of internationalization if family is oriented towards an internationalisation strategy (Zahra, 2003). If firms have stable relationships with other firms, they increases the available informations on international markets, the opportunities offered by the markets (Bonaccorsi, 1992) and their exports increase (Fernandez and Nieto, 2005), so the organisation creates the bases for growing.

In the study on internationalisation process via strategic alliances, Gallo, Arino, Manez and Cappuyns (2005) point out that a family business will develop

the strengths to form a strategic alliance if the firms wants to grow through the acceptance of indebtedness or a new equity partner. Several drivers motivate a firm to form an equity ISA, it is chosen when an ISA represents a way to internationalise or increase commitment in the process. The commitment in the internationalisation process depends on the kind of strategic alliance choice, beside other factors. Strategic alliance can be contractual or equity. When it's contractual the level of commitment is lower than in the equity one. Joint ventures requires more commitment than a minority stake acquisition. Family firms with non-family owners in ownership are more oriented towards EISA, because it means that they are less frightened to lose control, so the decision of forming a joint venture or acquiring minority stake is dependent on ownership structure (Gallo, Arino, Manez and Cappuyns 2005).

4. The effect of family ownership on international strategic alliances and the internationalisation process

Exploring if the choice of the mode of entry into international markets is influenced by contexts, ownership structures and in family business by family dynamics too, it is suggested from Zahra (2003) and others researchers.

My study examines the family ownership structure effect in firms with equity international strategic alliances, whereby the analysis of the difference between family-run firms and the non-family firms with regard to the degree of internationalization, internationalization commitment, the choice of country and the growth of the organisation.

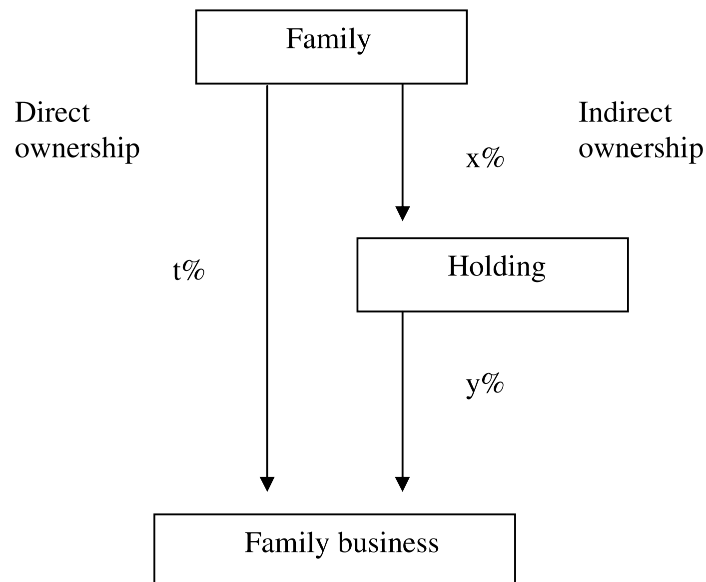
The studies on family businesses with regards to the internationalisation process often revels a low degree of internationalization in family business if compared to non-family businesses (Gallo, Arino, Manez and Cappuyns 2005; Zahra, 2003). Degree of internationalisation is measured by percentage of foreign sales in total sales (Lu and Beamish, 2001; Gallo and Pont, 1996; Zahra, 2003;). Family businesses with equity international strategic alliances have a majority propensity to internationalise, so this analysis of family firms behavior should revel a different result.

Hypothesis 1: Family businesses are less internationalized than non-family business

The definition of family business is often different in literature. There are broader or narrowest definitions (Astrachan & Shanker, 2003). The family business definition normally includes the presence of a family member in the management team besides ownership, and the share of capital owned by family members cannot be less than a given percentage. The family can influence a business through its ownership, governance, and management involvement (Astrachan, Klein, Smyrnios, 2002). Klein (2000) supports that these means are interchangeable and additive, but ownership structure studied throughout the literature is just direct. My study considers direct and indirect ownership, in fact Faccio, Lang and Young (2002, p.19) consider family-run firms the firms owned by a family holding too, in this case family controls firm through “multiple

control chain". A family-run firm is classified as such if family has strategic control on the business with ownership of share of capital and members of family in the management team and the CEO (Klein, 2000). In Graves and Thomas (2006) family business has a family ownership of more than 50% and one or more members in the management team. Zahra (2003) singles out family business through two variables, one is the share of capital owned by family and the other one is the share of capital owned by manager, who is also a familiar. In my study the firm is classified as a family one when the share owned, directly and indirectly, by family is more than 25% (Klein, 2000) and one member of family is president or in the board. (If family owns x% of the family holding and family holding owns y% of firm, family has an ownership control = direct control + indirect control, where indirect control is the minimum value between x% and y% (Faccio, Lang and Young 2002, p.9))

Figure 1 Family ownership



Firms choose equity international strategic alliance (EISA) when they form alliances to explore market opportunities successfully. The decision of sharing equity ownership requires a higher level of commitment in comparison to non-equity alliances (Ireland, Hitt, Webb, 2006). Similarly, a joint venture with 50% of ownership is a more important investment relative to a minority acquisition. Gallo, Arino, Manez and Cappuyns (2004) point to a certain parallelism between the level of commitment to internationalization and the ownership structure of strategic alliances. I can inquiry if faimily ownership has effect on commitment towards internationalization of firm.

Hypothesis 2 Family businesses have different preference choosing ownership structure of equity international strategic alliance (EISA).

Family businesses choose EISA because they do not want lose control of ownership, (Gallo, Arino, Manez and Cappuyns 2004). If the environment is uncertain and dynamic firms decide to form an equity strategic alliance instead of non-equity, they can control or they develop a deal in a better way (Ireland, Hitt, Webb, 2006). The majority of countries in my study are likely to be at risk because the enterprises selected have formed an equity alliance. The rank of risk of country makes me able to understand if family ownership has effect on choice of country in which firms invest to explore the market. Family firms can have a different reason to localize an alliance compared to non-family firms. The localisation of EISA is an important phase of forming the alliance.

Hypothesis 3 Family businesses form equity international strategic alliances in risky countries as non-family businesses.

It is interesting inquiring if family business grows more than a non-family business in the list selected, sales is a financial outcome that measures the growth of organization and it is accepted by literature of strategic alliances and in family business literature.

Family businesses cares more on growing business rather than having high levels of profit (Devis e Haveston, 2000), so in my work the business growth is measured by sales growth. I think all enterprises in the list lose sales, because Lu

and Beamish (2001) found that firms record a lower profit after forming an ISA, even if they use different financial outcomes to verify it.

Hypothesis 4 Family businesses lose revenue how much non-family business after forming EISA.

The influence of family commitment is studied in family business literature on entrepreneurship issue. I developed a model just grouping family businesses considering if they have a direct ownership, a direct and indirect or just indirect ownership:

1. family businesses owned by family, holding
2. family businesses owned by family members and family holding and
3. family businesses owned by family members.

Hypothesis 5 Family commitment influences the preference of Country where forming an EISA.

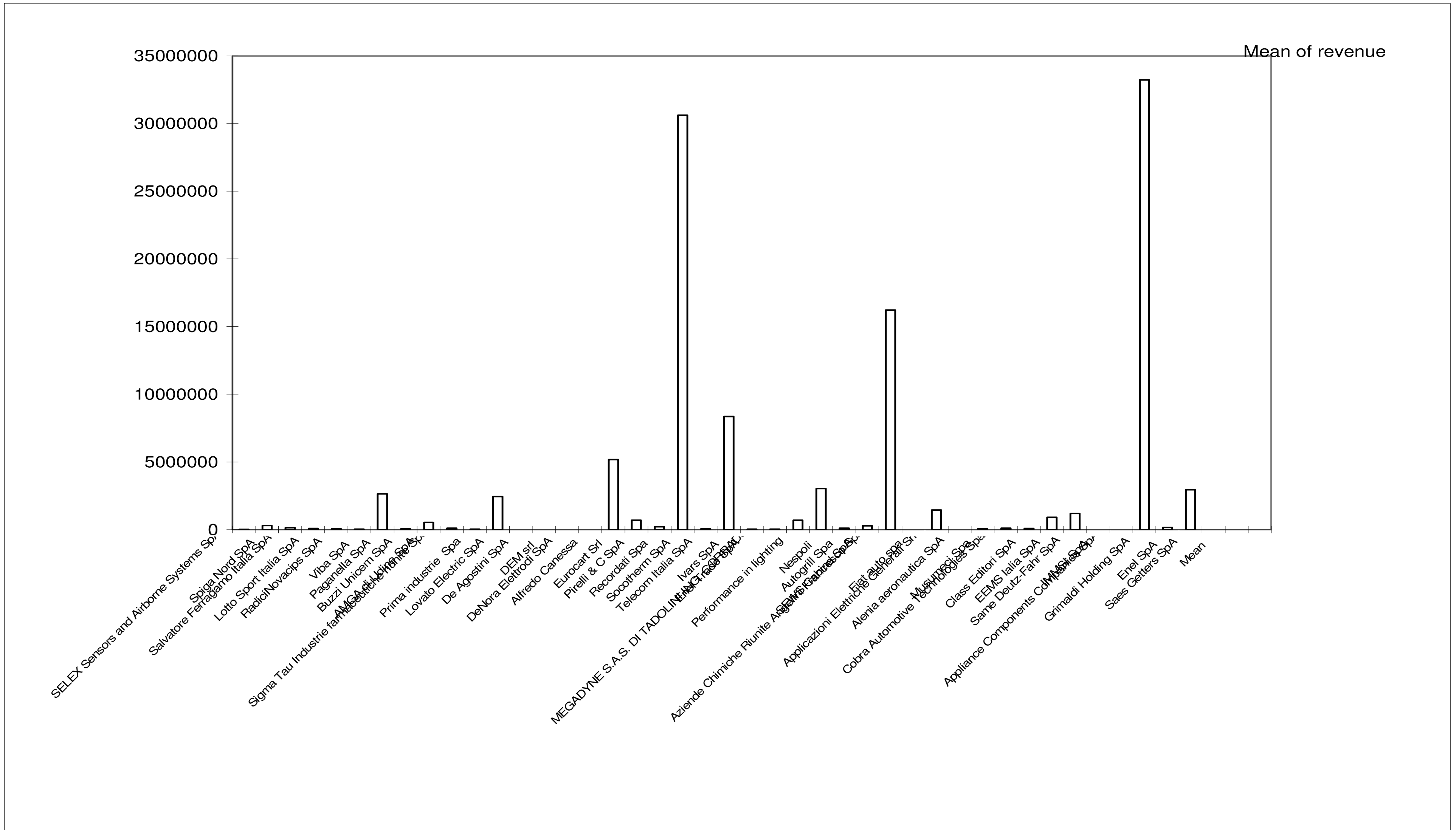
5. Method and data description

Method. In literature to understand if there is an effect of family ownership on such variables, researchers separate family business and non-family business by a variable with dichotomy behaviour, after defying the family business. Comparing two groups I use non-parametric statistical techniques as other researchers used in these issues with non-normal distributions (Grave and Thomas 2004). The research on family commitment, EISA ownership and size effect is analysed with Pearson correlation to understand the direction of the effect on such variables.

Data description. The aim of my data research is understanding how ownership structure of Italian firms with equity international strategic alliances influences internationalization process. The list of Italian enterprises with equity international strategic alliances is available in the data base Zephyr of BVD, I entered in this data base from SDA Bocconi that has taken a subscription, this data base has international strategic alliances around the world from 01.01.2003. The financials and ownership structures of enterprises in the list are not complete, so data are integrated with MBRES data base of Mediobanca (Calepino, R&S and Settori on-line), available in Roma Tre University, with the data base of CONSOB (www.consob.it), that is public, on ownership structure of listed enterprises and some enterprise web sites. The financials data of the databases do not show foreign sales that are disclosed in balance sheets of enterprises. Balance sheets come from enterprise web sites and Italian Department of Commerce (Italian institution that collects all balance sheets in Italy). Manual cross checks were then conducted by the researcher to account for missing data. Here every family-firm balance sheets ere assessed to determine if a family member was a president or a CEO member.

The data set is composed by n. 50 Equity International Strategic Alliance formed by Italian enterprises in not financial industries from 2003 and 2006. The enterprises in the list has a mean of revenue of among three thousand millions of euro every year (graph 2). The 80% of deals are minority stakes and 20% are joint ventures.

Graph 2 Mean of four years of Revenue (thousand euro) of enterprises in the list



The financials data of enterprises are operating revenue, foreign revenue, EBITDA, EBIT, profit before tax, profit after tax, total asset and ownership structure. Other informations are about: activity of enterprises, activity of partner or acquired enterprises, country of partner or acquired enterprises, year in which international strategic alliance is completed, kind of strategic alliance, if it's joint venture or minority stake.

The analysis compares the existing differences between the groups of non family businesses and the family ones to understand which is the ownership structure effect on internationalisation degree, internationalisation commitment and the localization of an EISA. The variables (table 1) compared are the degree of internationalisation measured by the percentage of foreign sales of total sales, level of commitment in internationalisation, that is the share of capital owned by firms in the EISA, the localization is measured by the risk of country in which the enterprises invest and the business growth measured by sales growth.

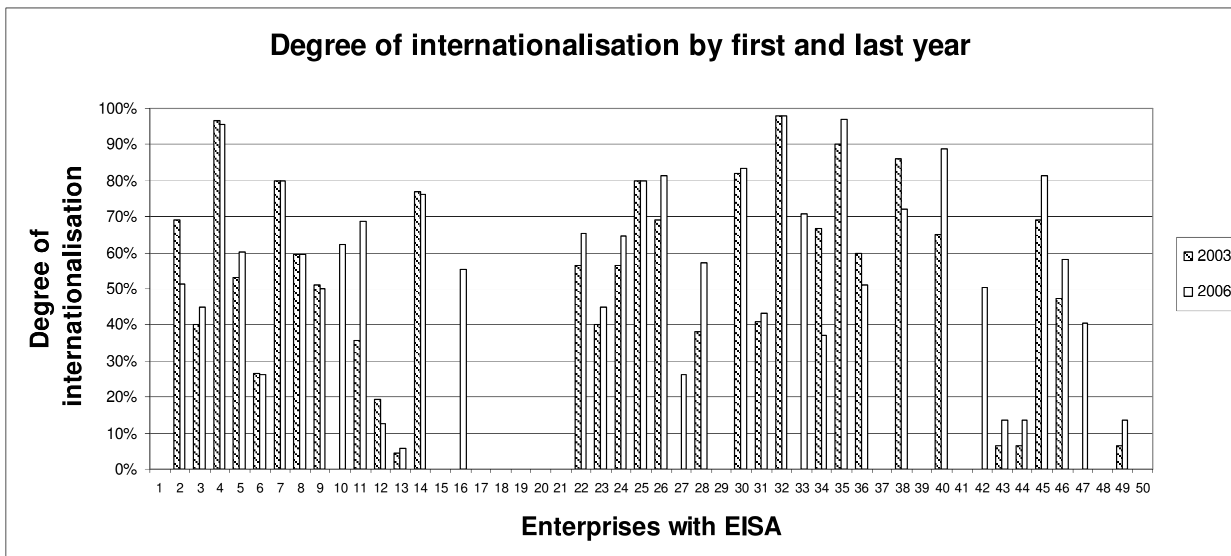
Table 1 Measure of variables

Variables	**Measure**	**Authors**
Degree of internationalisation	The percentage of foreign sales of total sales	Zahra, 2003 Zahra, Ireland and Hitt, 2000
Commitment of internationalisation	Share of capital owned by firms in the equity ISA	Gallo, Arino, Manez and Cappuyns, 2006
Country risk	Risk rank	The PRS group, source suggested by Brealey and Meyers, 2003
Growth of organisation	Revenue growth	Devis and Haveston, 2000
Family commitment	Two conditions have to be satisfied: 1. Share of ownership > 25% 2. one member in the board Share of ownership = direct ownership + indirect ownership, where indirect ownership = (minimum of the share owns by family in the family holding and the family holding in the enterprises)	Klien 2000 Faccio, Lang and Young 2002

6. Analysis and results

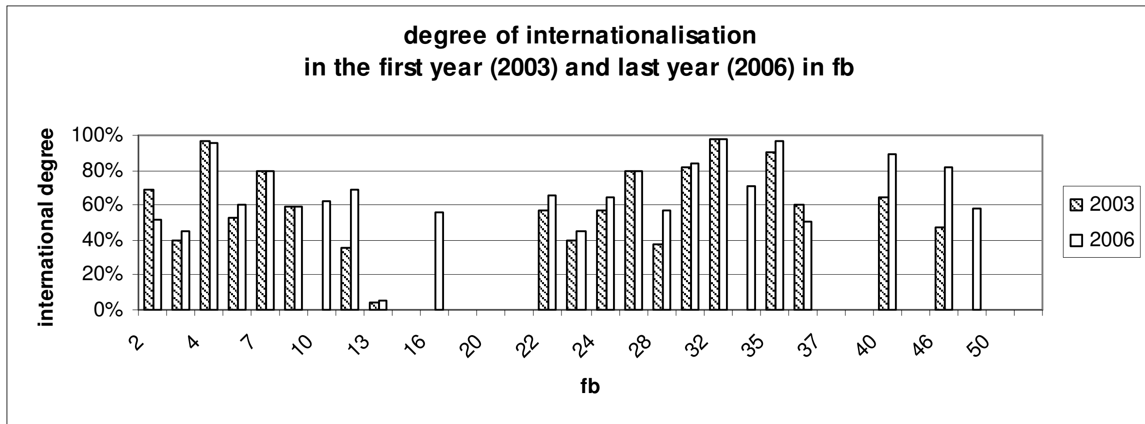
In the list of Italian firms with equity international strategic alliances (EISA) formed in the period between 2003 and 2006 the degree of internationalisation is increased in the most of firms, just in few firms there is a decrease. Graph 3 shows the comparison of international degree in the first year (2003) and the last one (2006).

Graph 3 Degree of internationalisation by year



The comparison between the two groups shows that non-family business are less internationalised than family business, it can be explained by the fact that family businesses with EISA plan internationalisation process, researchers find that if family businesses plan the process they have a higher degree of internationalization relative to non-family businesses.

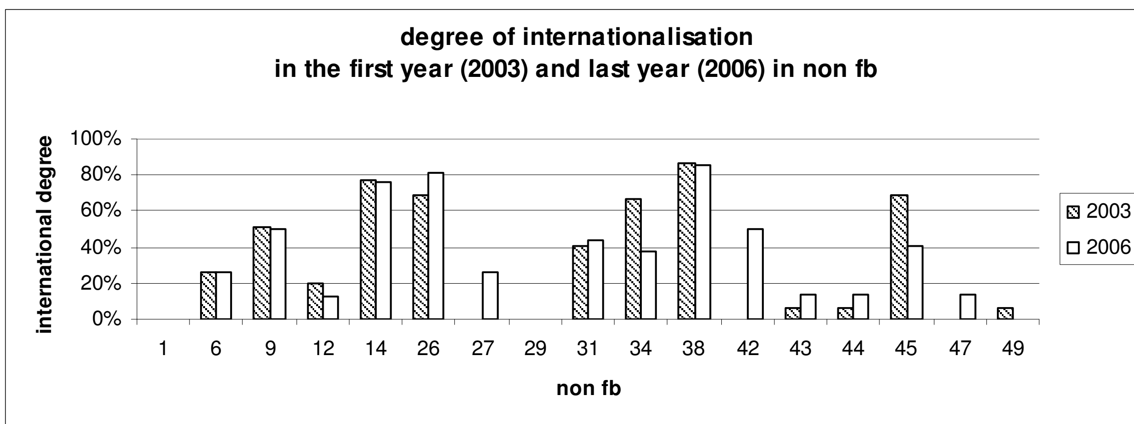
Graph 4 Degree of internationalisation by year of Family businesses



The mean of family business degree in first year is 41% instead of the mean of non-family business that is 37%, this difference is stressed in the last year in which the degree of family businesses is 66% and the degree of non-family businesses is 41%. It's evident in graph 4 and 5. The major increase of family business degree of internationalisation can be explained by the different reason of internationalisation as effect of ownership structure? It seems that Family businesses with EISA are driven by the will of getting global advantages improving foreign revenues more than non family businesses.

The difference of degree of internationalisation between family and non-family businesses grows in the last year (2006), this is the result of the combination of the different goal and the different speed of taking decision in the two types of firms.

Graph 5 Degree of internationalisation by year of Non-family businesses



Testing this difference of degree with Kruskal Wallis (Table 3) in SPSS software the first hypothesis is rejected, because the difference is statistic significant.

Hypothesis 1 is rejected, the degree of internationalisation of family businesses is higher than the degree of non-family businesses.

Kruskal Wallis test, in Table 3, shows that a significant difference exists in the two groups on operating revenue, earnings and assets, besides the preference of family businesses to keep the control in strategic alliances (EISA ownership) is not statistical different from non-family businesses.

Hypothesis 2 is rejected, family businesses have not different preference choosing ownership structure of equity international strategic alliances

Table 3 Family ownership effect

	Ownership structure of firms	Mean Rank	Chi square	Df	Sig.
Operatine revenue	Non-family firms	102.11			
	Family firms	78.35			
	Statistic		8.826	1	.003
Internationalisation degree	Non-family firms	74.77			
	Family firms	91.20			
	Statistic		4.311	1	.038
Earning	Non-family firms	96.86			
	Family firms	79.62			
	Statistic		4.692	1	.030
Asset	Non-family firms	79.71			
	Family firms	55.67			
	Statistic		12.493	1	.000
Growth of organistion	Non-family firms	66.26			
	Family firms	58.59			
	Statistic		1.248	1	.264
Country risk rank	Non-family firms	92.88			
	Family firms	94.53			
	Statistic		.038	1	.846
Eisa ownership	Non-family firms	94.22			
	Family firms	97.67			
	Statistic		.333	1	.564

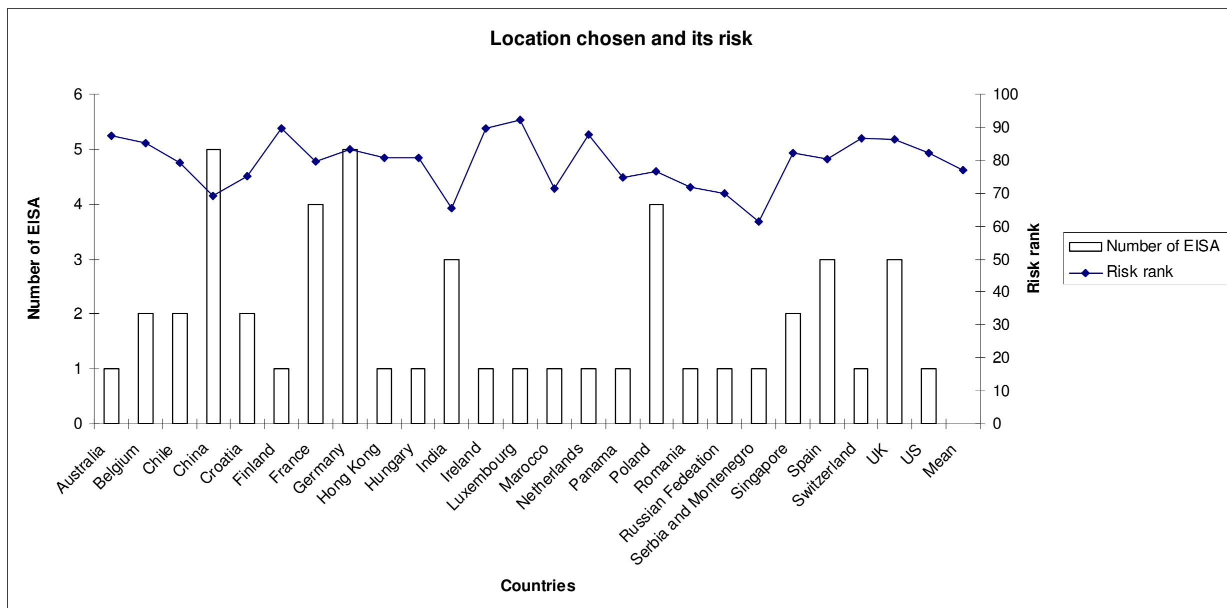
The firms of the list prefer risky countries (Graph 6), it is explained by the mode of entry market choice when environments are not risk free. It's interesting inquiring which is the location chosen and its risk by ownership, mean of risk rank is 78.6 and if the value decreases the country is riskier if it increases the country is less risky (ranks come from International Country Risk Guide, Copyright, 1984-Present, The PRS Group, Inc Mean of forecast of the best and worst case of political risk rating in the last five years: 2002-2007)

Selecting two groups by ownership in the list, in the group of non-family business (graph 8) the mean of the risk is 79.7, it's higher than the mean of the list (78.6), so there isn't a preference in risky countries. Family businesses (graph 7) has formed EISA in countries riskier than in non-family business, the mean of rank is 78.

Even if the effect of ownership on difference of preference in choosing country is not so stressed and significant as Kruskall Wallis statistic test shows in table 3.

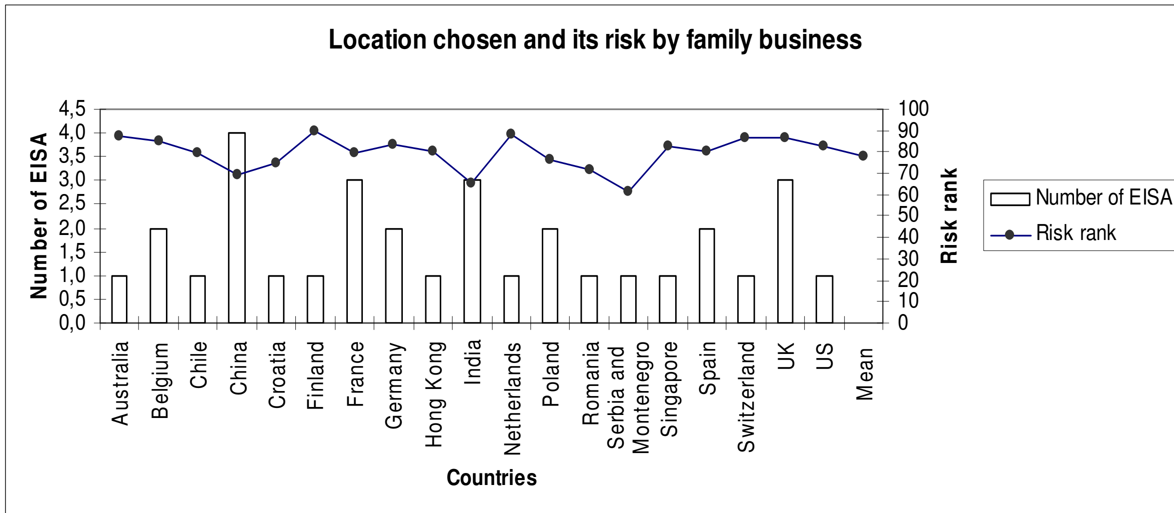
Hypothesis 3 is accepted, family businesses form equity international strategic alliances in risky countries as non-family businesses.

Graph 6 Location chosen and its risk

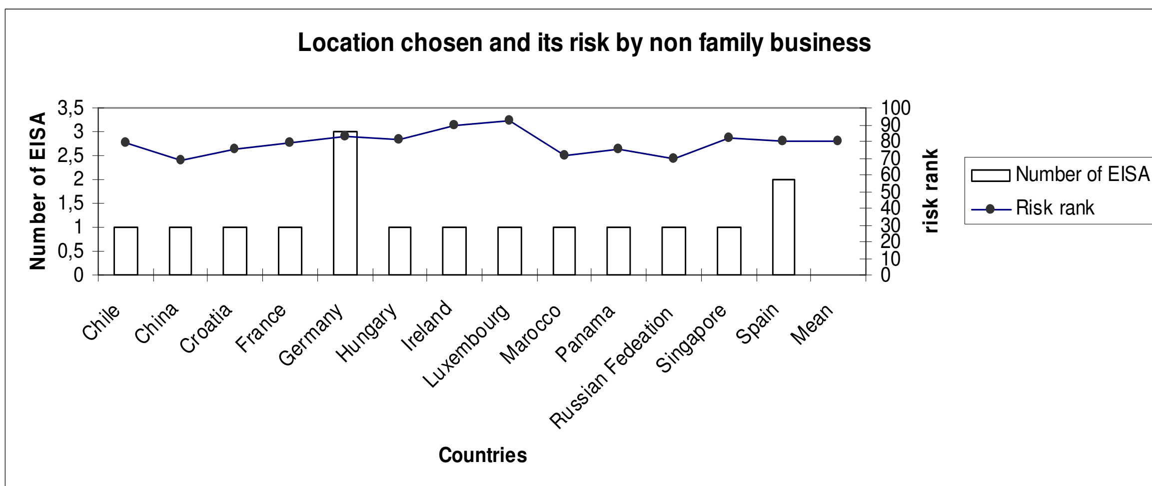


Data in graph 6 confirm what UNCTAD 2005 forecasts, these are the countries chosen by entrepreneurs.

Graph 7 Location chosen by family businesses and its risk by fb



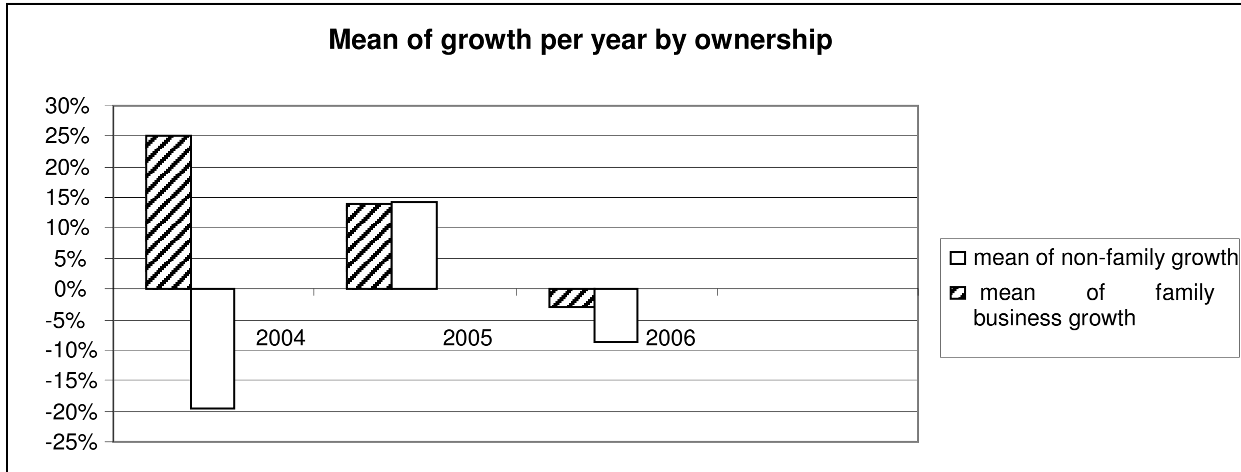
Graph 6 Location chosen by non-family businesses and its risk



Graph 9 shows that the revenue of all enterprises is decreased, confirming the existing results in literature. Anyway family businesses revenue is decreased less than in non-family businesses, showing that family businesses have better reaction to this decrease of sales, it confirms what Zahra (2003) supports. The difference in growth is not significant in Kruskal Wallis test.

Hypothesis 4 is accepted, family businesses lose revenue how much non family business after forming EISA.

Graph 9



Analysing the effect of family commitment the result is that the commitment of family influences the operating revenue, the earnings and the assets as in the previous analysis, and internationalisation degree is not influenced as the growth of organisation. The interesting result is that the country is affected by commitment of family (Table 4), so the hypothesis 5 is true.

Hypothesis 5 is accepted, family commitment influences the preference of Country forming an EISA.

Table 4 Family commitment effect

	Family commitment	Mean Rank	Chi - square	Df	Asymp. Sig
Operative revenue	Direct	75.68			
	Direct and indirect	47.37			
	Indirect	31.42			
	Statistic		44.103	2	.000
Internationalisation degree	Direct	59.00			
	Direct and indirect	42.39			
	Indirect	54.33			
	Statistic		3.762	2	.152
Earning	Direct	68.77			
	Direct and indirect	50.32			
	Indirect	38.50			
	Statistic		20.640	2	.000
Asset	Direct	48.00			
	Direct and indirect	33.77			
	Indirect	21.44			
	Statistic		18.876	2	.000
Growth of organistion	Direct	45.67			
	Direct and indirect	28.85			
	Indirect	38.17			
	Statistic		5.561	2	.062
Country risk rank	Direct	71.21			
	Direct and indirect	66.10			
	Indirect	50.83			
	Statistic		8.629	2	.013

The Pearson correlation, table 5, shows other important results, inquiring on the existing of relationship between family commitment, EISA ownership structure, country choice, growth of organisation and internationalisation degree.

Family commitment and EISA ownership have a positive correlation, it means that family commitment influences the choice of EISA structure, so it offers opportunities for new research to understand if family commitment can be used to explain the EISA ownership structure. Country risk choice and family commitment

have a negative correlation, it means that family businesses prefer riskier countries when ownership is prevalently direct.

Growth of organisation and internationalisation degree have a non-statistic significant correlation with family commitment, instead EISA ownership and growth of organisation have a negative relationship, the degree and EISA ownership are positive correlated. This last result is confirmed by Kruskal Wallis test in table 6, so firms with joint ventures have a higher degree of internationalisation and firms with minority stakes have a lower degree of internationalisation, the growth of organisation is influenced by EISA ownership effect, the firms with joint ventures lose more.

Table 5 Pearson Correlation

		Family commitment	Country risk rank	EISA ownership	Growth of organisation	Internationalisation degree
Family commitment	Pearson Correlation	1				
	Sig. (2-tailed)					
Country risk rank	Pearson Correlation	-.348(**)	1			
	Sig. (2-tailed)	.000				
EISA ownership	Pearson Correlation	.376(**)	-.036	1		
	Sig. (2-tailed)	.000	.618			
Growth of organisation	Pearson Correlation	-.161	.039	-.185(*)	1	
	Sig. (2-tailed)	.154	.673	.043		
Internationalisation degree	Pearson Correlation	-.158	.032	.235(**)	.031	1
	Sig. (2-tailed)	.103	.688	.002	.744	

** Correlation is significant at the 0.01 level (2-tailed).
* Correlation is significant at the 0.05 level (2-tailed).

EISA ownership has effect on revenue, earnings and assets, this result offers the opportunity to develop other future researches, because even if the entrepreneur achieves with joint venture form an higher ownership control he risks to record a worst result in operating revenue, but a better result in foreign sales. This is relevant in the phase of forming an EISA considering the goals of the business and what the business wants to gain by joining to another business.

Table 6 Kruskal Wallis test on EISA ownership effect

	EISA ownership	Mean Rank	Chi-Square	df	Asymp. Sig.
Operating revenue	Minority stakes	90.51			
	Joint ventures	71.85			
	Statistic		4.080	1	.043
Internationalisation degree	Minority stakes	80.45			
	Joint ventures	103.66			
	Statistic		6.467	1	.011
Growth of degree	Minority stakes	20.96			
	Joint ventures	12.89			
	Statistic		3.817	1	.051
Earnings	Minority stakes	89.72			
	Joint ventures	69.79			
	Statistic		4.652	1	.031
Asset	Minority stakes	67.67			
	Joint ventures	51.46			
	Statistic		3.840	1	.050
Growth of organisation	Minority stakes	64.72			
	Joint ventures	45.96			
	Statistic		5.507	1	.019
Country risk rank	Minority stakes	99.61			
	Joint ventures	91.75			
	Statistic		.621	1	.431

In Kruskal Wallis test, Size of businesses do not influence internationalisation degree and the growth of organisation, test shows an influence on the choice of country by risk, the countries with higher risk are chosen by medium businesses, the countries with less risk are chosen by smaller businesses and in the middle large companies prefer not too risky countries. Size is a variable used to divide, by number of employers and operating revenue, in three groups the list of firms analysed.

Figure 7 Kruskal Wallis test on size effects

	Size	Mean Rank	Chi square	Df	Asymp. Sig.
Operative revenue	Small	19.60			
	Medium	53.81			
	Large	107.17			
	Statistics		64.984	2	.000
Internationalisation degree	Small	69.87			
	Medium	77.40			
	Large	90.36			
	Statistics		3.732	2	.155
Earnings	Small	35.53			
	Medium	65.67			
	Large	99.50			
	Statistics		31.429	2	.000
Asset	Small	4.75			
	Medium	38.64			
	Large	76.34			
	Statistics		42.584	2	.000
Growth of organisation	Small	32.86			
	Medium	58.50			
	Large	64.31			
	Statistics		5.403	2	.067
Country risk rank	Small	100.80			
	Medium	71.32			
	Large	98.17			
	Statistics		8.928	2	.012

7. Conclusion

The most important result (Table 8) is that family businesses are more internationalised than non-family businesses when they have formed an equity international strategic alliance and they increase faster the degree of their internationalisation process. The first aspect is explained by the effect of ownership structure, the second one is explained by the difference of features of firms as the shorter times needed to take a decision and by the drivers in forming an EISA. There is not difference of commitment towards internationalisation between family and non-family businesses, anyway I found that the commitment of family in the business influences the choice of EISA structure in a positive way: if the commitment of family is high well the commitment in internationalisation is higher. The difference in choosing countries is not so relevant, family businesses preferred more risky countries instead of non-family businesses, but all businesses in the list choose EISA to explore markets. The growth in family businesses is decreased less than non-family business and it is always an ownership effect, even if the difference is not statistical significant, the better reaction of family business to the investment opens a new inquiry on the speed of management decision explained by corporate governance differences on managing the deal and taking the advantages from it in few time.

Anyway this study points out the innovative way of studying firms involved in internationalisation process because it is on firms with an equity international strategy alliances by accepting the eclectic theory, in which ownership is a determinant of behaviour of firm in internationalisation process. The other innovative aspect of the work is how family commitment is defined and the model used to understand its effect, it could be used to explain behaviours in internationalisation processes.

These results offer a lot of opportunities to begin other researches. Firstly the family commitment effect on internationalisation degree and the choice of country, in fact in this study it is determinant in the internationalisation commitment. In the future, the results of this research can be compared to the international M&A of Italian enterprises to control the analysis on international strategic alliances so the research is developed in FDI issue. The evolution of behaviour of firms in data set, collecting more informations through a questionnaire, the comparison of more geographic areas or applying the study on a larger geographic area..

Table 8 Results on study of family ownership effect explained by literature

Variables	**Measure**	**Authors**	**Ownership effect**	**Explained by**
Degree of internationalisation	The percentage of foreign sales of total sales	Zahra, 2003	Positive effect: family business degree is higher than non-family business degree	Devis and Haveston 2000
Commitment of internationalisation	Share of capital owned by firms in the equity ISA	Gallo, Arino, Manez and Cappuyns, 2006	None	Gallo, Arino, Manez and Cappuyns, 2006
Country risk choice	Risk rank	The PRS Group Guide	None	Ireland, Hitt and Webb, 2006
Growth of organisation	Revenue growth	Devis and Haveston, 2000	None	Lu and Beamish, 2000

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