
International opportunity development in the internationalization of the family firms

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Abstract

This study explains the international opportunity development process of family firms in emerging economies during institutional transition. This research enriches our understanding of how family firms from well-established economies mobilize entrepreneurial resources to develop international opportunities when they confront the turbulent institutional environment of emerging economies. We use the opportunity-based approach and an exploratory case study to explore the role of social capital, knowledge development and family involvement in the identification and exploitation of international opportunities. In this context, International market entry is conceptualized as an entrepreneurial act, opportunity recognition consists of both discovery as well as deliberate search. Finding suggests that opportunity recognition behavior will influence the entry mode choice into emerging economy markets. We emphasize that family firms that accidentally discover opportunities will be more inclined to use the IJV as a mode of entry into these distant markets. For family firms, mobilizing external business networks in local and hosting country is an important source of the knowledge necessary to recognize first international opportunities. The exploitation of prior knowledge in terms of internationalization knowledge and industry-specific knowledge as well as the exploration of new knowledge also has a positive impact on the development of international opportunities. The findings suggest also that family involvement is an important factor that influence the development of international opportunity.

Keywords

International opportunity development, Family firms, Emerging markets, social capital, knowledge Case study, Germany, India, China.

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