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“Is this real? Or has this been happening inside my head?

“Of course it is happening inside your head, but why should that mean it is not real?”

H.J.P. & A.P.W.B.D.

Abstract

This thesis examines the internationalization processes of a family firm while encountering crises. Although existing literature, including the fields of international business and family firm research, has intensively examined the internationalization of family businesses, there is still a lack of recognition regarding the management of crises and their effects on the internationalization process. This thesis examines a fifth-generation family-run winery using qualitative methods by conducting 14 semi-structured interviews. The results confirm the importance of extending and reconstructing socioemotional wealth, thus considering human capital (non-family as well as family members), the uniqueness of family firms through their organizational structure as well as anticipatory measures ensuring crisis readiness through the adoption of assemblage theory.

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1. Introduction

In recent years, the topic of family firms and their internationalization process has gained further attention in academic literature (Debellis, Rondi, et al., 2021). According to the European Commission (2022) family businesses make up more than 60% of all companies in Europe. This suggests that family firms also play a pivotal role in a highly globalized business environment and might hence be confronted with the challenges this poses (Arregle et al., 2024). In family firm internationalization, factors such as the consideration of socioemotional wealth (SEW), which consists of the non-financial factors a family seeks to preserve such as family influence or succession, and its implications on organizational structure and strategic decisions are elementary to consider (Gómez-Mejía et al., 2007; Berrone, Cruz and Gómez-Mejía, 2012). In this context, it is important to also consider crises, which are ever more likely to occur in modern, fast-paced societies. In fact, we have come to accept crises as irregular occurrences that have the potential to present a tipping point, where a company must evaluate its options on how to best overcome the situational shock but also derive how to continue post-crisis and better prepare for upcoming ones (Kjaer, Teubner and Febbrajo, 2011; Jebran and Chen, 2021). Family firms find themselves often confronted with more than one crisis at a time, due to their unique organizational structure (Broekaert, Andries and Debackere, 2016; Carsrud and Brännback, 2011; Kraus et al., 2020; Miles et al., 2010). Additionally, they tend to be more willing to embrace internationalization (Carr and Bateman, 2009) in order to spread financial risk across market income streams (Ramón-Llorens, García-Meca and Duréndez, 2017).

Hence, the objective of this thesis is to provide an answer to the research question: "*How do crises affect the internationalization process of family firms?*". In fact, the interaction between internationalization and crisis management has not been extensively researched in existing literature on family firm internationalization. To fill this gap, it is important to understand the internationalization strategy of a family firm, including the initial reasoning and motivation but also long-term goals such as the preservation of SEW and the importance of family succession (Gómez-Mejía et al., 2007; Berrone, Cruz and Gómez-Mejía, 2012) as well as individual reasonings in decision-making processes, including both family and non-family employees within the company (Reay, Jaskiewicz and Hinings, 2015; Reuber, 2016; Shepherd and Haynie, 2009).

This thesis will consider existing literature regarding both crisis management and family firm internationalization while also analyzing the importance of crisis readiness (Bundy et al., 2017; Carsrud and Brännback, 2011). With an acknowledged definition of family firms in mind (Chua, Chrisman and Sharma, 1999b; (Debellis, Rondi, et al., 2021), this study will further examine a winemaker in 5th generation of family ownership in a single-firm case study. For one, this thesis examines SEW characteristics, such as the uniqueness of family firms in terms of internationalization (Gómez-Mejía et al., 2007; Berrone, Cruz and Gómez-Mejía, 2012) while taking into account individual top-management SEW orientation (Vandekerkhof et al., 2018). Thus, it also sheds light on the importance of reconstructing SEW through extension (SEWe) or restriction (SEWr) in order to better understand the preservation of family values and non-family stakeholder expectations (Laffranchini et al., 2020; Miller and Breton-Miller, 2014). Additionally, in order to further examine internationalization and, in this context, crisis management processes and *"how"* they interact, assemblage theory by Reuber (2016) is applied. Assemblage theory, having its origins in philosophy (Holland, 2013), has only recently been introduced as a viable theory to formulate new research questions in FFI while allowing to exploit a process-based examination of decision-making process in FFI, through destabilization and restabilization of so-called assemblages, which are non-static (Debellis, Rondi, et al., 2021; Reuber, 2016). The non-statis means that they can consist of different combinations of people, values and beliefs both inside and outside the company. They can also alter, depending on the situations with which the assemblage is confronted (for example, a crisis requiring a certain adaption of communication methods to a new group of stakeholders, hence expanding the assemblage) (Reuber, 2016).

The objective is to derive, with the results of a single-firm case study from the wine industry at hand and by adopting the theoretical lens of assemblage theory including higher-order SEW, in what way a family firm tends to deal with the encounter of crises while pursuing internationalization and how the strategy and decision-making processes in the company are impacted. The findings show that, with an inherent international character of the family firm through the home-country effect, respondents confirm the uniqueness of family firms through being close to top-management and thus being closely involved in decision-making processes, also during challenging times with the vision of continuity for both the firm but also its employees at the forefront. This is further highlighted by the perceived advantages of working for a family firm, even as a non-family member, such as an open internal communication and the ability for non-family employees to voice their opinions regarding important business decisions. Furthermore, the findings also highlight the vision for continuity of the family firm, through generational succession and hence also the continuity of internationalization with this being one of the main strategic pillars in terms of turnover and business development. Interestingly, a high emphasis was put on the importance of non-family employee recruitment, searching not only for a skill-fit regarding operational tasks but also a cultural fit, meaning that the employees should identify themselves with the family firm and its values. This underlines the importance of SEW preservation, keeping up the continuity of the family firm, but also adds the perspective of SEW extension through the inclusion of non-family employees in decision-making processes and thus also regarding the handling of internationalization when facing crises. In terms of internationalization, the family firm relies on export as the main foreign market entry mode, although with a preference of avoiding markets too close to the home country, as industry specifics might lead to oversaturation from local production and financial losses, a potential risk which is thus mitigated. Furthermore, internationalization and the focus on foreign markets, coupled with a higher probability to encounter several challenging situations simultaneously as a family firm, are countered by a certain degree of preparedness or crisis readiness through anticipation and operational flexibility. This includes the adaptation of communication methods and contents in order to mitigate potential negative consequences due to a lack of transparency with stakeholders (both customers and business partners) in times of crises. Additionally, an international market exit decision and its outcome have been observed in the given case study. Thus, the observation through assemblage theory is affirmed by the heterogeneity within the family firm – and consequently within different assemblages – which continuously evolves through the destabilization and restabilization of existing processes but also by examining a yet unexplored phenomenon like a market exit and post-market exit outcome.

This thesis contributes to family firm internationalization research by adding the component of crisis management during internationalization processes. By applying assemblage theory, it addresses an existing gap in family firm internationalization literature through the verification of a hitherto relatively unexplored theory in this field. Especially in terms of preparedness for unforeseen events, the application of assemblage theory in FFI research offers new point-of-view, leading to a better understanding of family firm decision making processes, the involvement of both family owner-managers as well as non-family employees (Reuber, 2016). Furthermore, this application of assemblage theory in this thesis has shed light on a foreign market exit decision and post-exit outcome, which has to date been unexplored in existing FFI literature (Debellis, Rondi, et al., 2021; Reuber, 2016). Additionally, the need for a higher-order SEW through SEW extension (Laffranchini et al., 2020; Miller and Breton-Miller, 2014) is confirmed for the observed family firm, which may in turn open the pathway to further exploration of this topic in future research.

2. Literature Review

2.1. Definition of Crisis

What is a crisis? To conduct this research, is important to highlight not only the historical provenance but also look at the different types of crises as well as the handling of the challenges presented, especially from a business perspective.

The term crisis (greek: ***krísis***) finds its origins in the works of greek physician Hippocrates and his medical theory: it is the moment of observation (greek: *systa**sis***) of accute illness leading up to its climax when a judgment (greek: ***kri**nein*, to judge or to decide) regarding the possible outcome of said illness is made (Kjaer, Teubner and Febbrajo, 2011). Hence, a crisis might be perceived as a tipping point in the process of an action, preceding a chaotic aftermath also due to the necessity of decision-making even if one would prefer not to commit to a specific choice most likely not taken otherwise. In ancient societies, the events of a crisis have been deemed catastrophes, that "*lead to the destruction of what is already corrupt, or to change between states, say illness and health, of defeat and victory*" according to Kjaer, Teubner and Febbrajo (2011, p. 181)

Interestingly, modern societies tend to have accepted the regular occurrence of crises in a manner that one such event is typically followed by another with no clarity on the beginning or end of the other. The modern society has developed an acceptance of crises with some arguing it to be a necessity to restore the balance, as one might with a scale. From an economic point of view, a crisis and the uncommon measures taken to resolve it might, although involuntarily, lead to the potential discovery of yet unknown possibilities in business development through new investments (Kjaer, Teubner and Febbrajo, 2011).

Crises can occur under many a different mantle. In essence, they are events often unforeseen and yet bearing fundamental influence and consequences for those affected.

"...things that all of us have experienced such as: power failures, epidemics, and natural disasters like oil spills, tsunamis, and hurricanes." (Carsrud and Brännback, 2011)

Besides natural and structural disasters, a business must also consider the potential impact of stresses not fully qualifying as a crisis that might stem from certain periods of uncertainty during which the potential outcome is yet unclear (Carsrud and Brännback, 2011). Thereby, it becomes evident that a crisis or similar event can significantly impact the future of a firm, leading to either a loss in profit, but also of investment opportunities and overall profitability (Jebran & Chen, 2021).

2.2. Crisis Readiness in Family Firms

Crisis readiness is defined as *''a state of corporate readiness to foresee and effectively address internal and exogenous adversary circumstances with the potential to inflict a multidimensional crisis, by consciously recognizing and proactively preparing for its inevitable occurrence''* (Sheaffer and Mano-Negrin 2003, p. 575)

As this research focuses primarily on the relevance of crises especially for family firms, reference is made to the crisis type categorization in Rüsen (2017), distinguishing between:

- **Exogenous type of crisis:** this type of crisis arises in the company's external environment, for example through economic recession, military actions or similar situations that do not have their origin within the company and are not initiated due to the company's internal structures, but still have a direct impact on the company.
- **Endogenous type of crisis:** this type of crisis arises due to internal structural problems, such as the company's equity structure, but also factors such as machinery failure, product quality characteristics, poor working conditions, poor PR and communication when dealing with challenging situations.

In a modern business landscape, many different challenges have arisen in recent years that are proven difficult to handle, especially for family firms (Arregle et al., 2024). For example, digitalization has been a major concern for a vast number of companies from SMEs (small & medium enterprises, including family firms) to large corporations, in terms of the number of employees. The *"Zukunftspanel des Mittelstands",* organized by IfM Bonn (Institut für Mittelstandsforschung) in 2022 and funded by the German Federal Ministry for Economic Affairs and Climate Protection, among others, has analyzed which challenges can be classified as particularly difficult depending on the size of the company (see table 1).

Main Challenge \ Company Size	0 to 9 employees	10 to 49 employees	50 to 249 employees	250+ employees
Shortage of labor	2	1	1	4
Digitalization	1	2	2	2
Competitive pressure	3	4	3	1
Innovation	4	3	5	5
Sustainability	7	6	4	3
Company succession	5	5	7	7
Internationalization	8	7	6	6
Bureaucracy	6	8	8	8
Financing	9	9	9	9

Table 1: Main Challenge according to Company Size (in number of employees), following Brink et al. (2022)

Table 1 indicates the company size in terms of number of employees and the potential challenge faced as well as the difficulty to tackle the challenge, on a linear numeric scale from 9 to 1 (with 9 being least difficult to 1 being most difficult to cope with). From this, one can observe that small to medium sized companies, including family firms, have next to no difficulty when it comes to financing, e.g., securing new investments, and are also less likely to encounter bureaucratic barriers. In addition to this, the smaller companies also seem to struggle less when trying to internationalize. This might come as a result of a highly globalized environment where cross-border exchange of goods and services is much more common, thanks to weaker entry barriers across many fields. On the other hand, this also favors a highly competitive environment that companies of all sizes must know how to best deal with. Further potential difficulties arise here, primarily due to the increasing level of digitalization, but also due to the highly competitive skilled labor market, which poses problems for companies with fewer than 250 employees (Brink et al., 2022).

Evidently, a differentiation between the types of crises is necessary. How a crisis is handled depends on the context of the former. Whether it stems from internal structures and specifics, such as defective machinery impacting production, or if the source of the crisis is exogenous, such as economic recession or a military conflict (Rüsen, 2017).

Furthermore, it is important to consider the reciprocal amplification of challenging events, such as crises, that family firms are especially prone to encounter (Carsrud and Brännback, 2011; Kraus et al., 2020). According to Aronoff and Ward (1995), the "*lower costs of debt*" of family firms leads to an improved leverage of liquidity. This is reinforced by the fact that lenders are more inclined to increase investments in family firms than in non-family firms, through loans in times of crises (Crespí and Martín-Oliver, 2014). This amounts to better mobility of resources at hand (Amann, Jaussaud and Martinez, 2012) and thereby facilitates a quick and effective decision-making when confronted with a crisis. Research on the Covid-19 pandemic conducted by Brink et al. (2022) shows that especially family firms prove more able to cope with crises situations. However, when facing unexpected challenges, it is important to take into account both the general resilience and stability of the company but also the leadership and the decision-making by individuals. The sense of personal comfort and well-being is intertwined with the success of a business and a healthy economy, as it leads to a future-orientated frame of mind. Human capital also plays a significant role as to the fact that it is limited in family firms and therefore entrails a lack of professionalism and the necessary skills on top management level to deal with a crisis (Faghfouri et al., 2015). As for a possible action plan that family firms might be able to follow leading up to or during a crisis, Bundy et al. (2017) have published an overview of eventualities to consider and act upon. Stage 1 encompasses the prevention of the actual crisis or, at least to some extent: from an internal perspective, through organizational readiness via reliability. From an external perspective, with the management of stakeholder relationships, preferably positive, as negative relationships might enforce the pressure upon the firm to deliver good results despite hardships (Bundy et al., 2017). Stage 2 observes the internal perspective through leadership qualities. For instance, a highly emotional reaction is inadvisable as it might result in poor preparation pre-, as well as inefficient adaptations post-crisis. External perspectives consider crisis response strategies, such as trying to offer an explanation as to what happened (defensive vs. acknowledging), the type of crisis, positive evaluations (such as reputation or trust), stakeholder identification (degree of identification with the firm), media presence and spillovers due to the drawing of incorrect conclusions through comparison to industry or competitor similarities (Bundy et al., 2017). Stage 3 refers to the actions taken post-crisis. Internally, this includes the learning and takeaways of the crisis. Externally, this includes social evaluations and response strategies (e.g., taking responsibility) (Bundy et al., 2017).

Another important aspect regarding crisis is the public perception. How the population perceives a crisis and especially the communication and handling of it (by authorities or businesses) might just have a similar impact compared to the actual event itself (Lee et al., 2021; Wendling, Radisch and Jacobzone, 2013). The public perception adds an emotional component, possibly affecting the rational observation of the situation. Especially from a consumers' perspective, not all types of crises are viewed similarly, causing different reactions which impact the strategy of crisis management taken by a firm (Lee et al., 2021) or a government. This is also reflected by the *"psychological distance and level of mental construal"* ((Lee et al., 2021, p. 796) to an occurrence, which can influence the perception of such. One perceives an event as more abstract, and thus with less direct consequences for oneself, if it happens at a greater physical or temporal distance (Luan et al., 2023; Trope, Liberman and Wakslak, 2007).

2.3. Definition of Family Firm

Existing literature offers a variety of definitions of a family firm across different spectrums such as the fields of classic management, family business but also international business (Arregle et al., 2021). Hence, it is difficult to properly define a family firm, with many different identifying characteristics that must be taken into account when trying to understand and interpret the *"uniqueness"* of family firms compared to non-family firms (Chua, Chrisman and Sharma, 1999b).

For example, an analysis on the efficiency of family-ownership from the U.S. Standard & Poors 500 (where more than a third of the companies included are family firms) over seven years shows that family firms indeed achieve better return-on-assets (ROA) than non-family firms. This is most likely due to family leadership and the inherent stewardship of the firm and its values. (Anderson & Reeb, 2003) Another aspect is the purpose of a firm which essentially makes it a family firm. It does not necessarily depend on either family ownership or family leadership but rather pursuing the vision of sustainable business actions across several generations of *"coalitions within a family or a group of families"* (Chua, Chrisman and Sharma, 1999b).

For the consistency of analysis and the purpose of this research, the definition of a family firm by Chua, Chrisman and Sharma, et al. (1999b) has been chosen as the foundation:

"The family business is a business governed and/or managed with the intention to shape and pursue the vision of the business held by a dominant coalition controlled by members of the same family or a small number of families in a manner that is potentially sustainable across generations of the family or families." (Chua, Chrisman and Sharma, 1999b)

Their research offers a theoretical frame as well as an examination of operational definitions used in prior literature. This is achieved by both conceptual and empirical assessment of former definitions and identifying exclusion criteria. Their analysis also yielded that most tend to agree to identify a family firm as such, if the firm is owned but not managed by a family, rather than managed but not owned by a family (Chua, Chrisman and Sharma, 1999b). From here on out, the derivative is that a family firm is a firm led and/or managed by one family and its members or a small number of families with a coherent and sustainable vision to be transmitted sustainably across generations.

2.4. Internationalization of family firms

While family firms are often strongly represented in their home countries and domestic markets, the continuous globalization and thereby increased competition from abroad force them to internationalize to diversify their financial risk (Ramón-Llorens, García-Meca and Duréndez, 2017). In this context, it is especially interesting to observe academic literature on family firms and their decision-making processes when internationalizing – especially whilst facing hindrances. Debellis, Rondi, et al. (2021) have provided an extensive overview of existing literature on the topic of family firm internationalization (FFI) research, arranging it into "*waves*" of FFI research. They have analyzed the research foci of a given time period as well as the main characteristics of family firm research but also the theoretical lenses through which family firms where mainly observed within the given period (Debellis, Rondi, et al., 2021). The first wave examines the likelihood of internationalization in family firms vs. non-family firms. This contrast is analyzed through research applying agency theory, stewardship theory and the resource-based view (Debellis et al., 2021). The second wave transitioned from the initial dichotomy to a different branch of organizational level by examining the impact on internationalization through family involvement. Here, both agency and stewardship theory were combined. However, the research during this period did not investigate internationalization as a process but rather as an outcome (Reuber, 2016). The third wave concentrated on a broader macro-level, focusing specifically on the dimensional characterization of family businesses. This involved incorporating past theoretical viewpoints and adding socio-emotional values and institutional theory to observe the differences in foreign market entry modes. The fourth wave examines on a micro-level, the dimensionality of causal and time-based internationalization of family firms. While still not detailing process-based evidence nor potential consequences to internationalization, such as market exits or family conflicts, (Reuber, 2016), this wave observes the uniqueness of family firms as well as the family aspects influencing internationalization over time (Debellis, Rondi, et al., 2021).

Chronological Sequence of FF Internationalization Research

Timeframe	Relevant Theory	Main Theme
1991 - 2011	agency theory, stewardship theory, resource-based theory	family firm vs. non-family firm internationalization
2008 - 2015	agency theory, stewardship theory	effects of family involvment in internationalization
regressing after 2014	agency theory, stewardship theory, SEW	complexity of market entry modes
progressing from 2016	assemblage theory & evaluation of prior IB theories, SEW	internationalization over time, uniquess of family firms

Table 2: Chronological Sequence of Family Firm Internationalization Research (following Debellis, Rondi, et al., 2021)

It is important to note that the majority of FFI research has focused on export as the preferred foreign market entry mode for family firms (Del Bosco and Bettinelli, 2019). Whereas the performance of this method is relatively easy to measure in terms of success (ratio of foreign versus total sales), Debellis, Rondi, et al. (2021) suggest to further include other measures of performance, especially non-economic ones. Interestingly, Pongelli et al. (2021) indicate that non-financial objectives of family members could potentially reduce success through exporting. This is mainly attributed to a geographic internationalization focus on global level, indicating a close-to-home strategy as favorable for family firms with strong non-economic objectives (Pongelli et al., 2021).

3. Theoretical Lens

For this thesis, the derivative stems from the comprehensive analysis of the different timelines of family firm internationalization (FFI) research. As Debellis, Rondi, et al. (2021) have concluded, family firm internationalization theories have been extensively analyzed across different timelines. A more recent and thus rather unexplored theory is assemblage theory, applied by Reuber (2016) to the field of FFI research, offering a plethora of potential new research questions (Reuber, 2016; Debellis, Rondi, et al., 2021). In order to best answer the research question proposed in this thesis "*How do crises affect the internationalization process within family firms?*" in the context of family firm crisis management, a sub-field which has also been relatively unexplored, the foundation is laid out by assemblage theory as well as adding socioemotional wealth (SEW) factors for a more thorough understanding of the complexities to the pathways of FFI.

3.1. Assemblage Theory

The origin of assemblage theory can be found in the works of Deleuze and Guattari who contributed to the field of philosophy through their joint project "*A thousand pleateaus*" in 1980 by examining a multitude of phenomena through metaphors across different fields. In essence, they wanted to showcase the importance of non-stasis of an assemblage, where many different factors, such as motivations and beliefs but also physical aspects (such as the human body) interact in order to overcome a problem or challenge by shifting the perspective and trying to understand the interconnectedness within an assemblage (Holland, 2013; Reuber, 2016). The application of assemblage theory in the context of FFI has hitherto not been extensively researched. In their literature review on FFI, Debellis, Rondi, et al. (2021) point to the first application of assemblage theory in the context of FFI by Reuber (2016). From an ontological point of view, a family firm consists of so-called "*assemblages*" which have heterogeneous structures and whose components thus follow both company-specific and family-specific characteristics (Reuber, 2016). However, a component, for example an employee or manager of a firm, can simultaneously be a member of several different, even to some extent colliding, assemblages. Hence, the motivation regarding decision-making within a family firm also depends largely on individual objectives and interpretations of a situation, (Reay, Jaskiewicz and Hinings, 2015; Reuber, 2016; Shepherd and Haynie, 2009), thereby influencing cohesion to achieve goals (both financial and non-financial) (Gómez-Mejía et al., 2007; Hansen and Nohria, 2004). Additionally, a component does not need to be tangible (such as people or devices) but can also be of expressive nature, considering values, traditions or other non-tangible features driving the assemblage as a whole (Reuber, 2016). Assemblage theory thus offers a different perspective to existing literature on FFI by examining not only the successfulness of internationalization in terms of revenue but further analyzes the process of internationalization by examining *"destabilizing factors"* and how a family firm handles them through *"restabilizing"*, through which a company is constantly able to reinvent itself and accumulate knowledge and experience (Reuber, 2016). The following *"destabilizing factors",* first identified by Reuber (2016), are crucial to consider in the analysis of FFI through assemblage theory:

- **Triggers**: Triggers mostly consist of unforeseen events (Crick and Spence, 2005) that impact the internationalization strategy of a firm. The origin of triggers can be both exogenous (e.g. differing demand in foreign markets) and endogenous (e.g. introduction of new ideas & innovation by new managers with unclear prospect of success). Most importantly, the actual consequence on de- and restabilization of the family firm depends, however, on the existing coherence within the firm. This includes shared values such as mutual respect, close cooperation between peers (Reuber, 2016).

- **Geographic Distance:** Due to the, often pronounced, connection to local home markets of family businesses, depending on the sector in which they operate, the perception in the country of origin "community" can be negatively influenced through perceived negligence of the home country in business activities (Reuber, 2016). In addition, the time and physical distance between different, foreign locations are hindering factors for the management, which is often based in the home country, and the maintenance of non-financial, socio-emotional wealth (SEW).
- **Cultural Differences:** Like challenges posed through geographic distance, the cultural peculiarities of international markets must be considered. These include potential language barriers (Cuypers, Ertug and Hennart, 2015) but also the adaptation instead of a mere replication of home market practices, such as the product offer (Melin, Nordqvist and Sharma, 2014; Reuber, 2016). Additionally, family firms tend to place particular emphasis on their reputation (Deephouse and Jaskiewicz, 2013; Laffranchini, Hadjimarcou and Kim, 2020), both in home markets and abroad, to ensure the longevity of the business. In the context of internationalization, preference is therefore generally given to entering markets with corresponding ideals (Ramón-Llorens, García-Meca and Duréndez, 2017) to avoid potential destabilization.
- **Market unfamiliarity:** Compared to cultural differences, the unfamiliarity with foreign markets is mainly due to the lack of or insufficient connection to existing networks that may be necessary to successfully gain a foothold in certain countries (Johanson and Vahlne, 2009). According to Eddleston et al. (2010), this can be countered by employing non-family managers who might possess stronger international network ties as opposed to family managers with stronger regional network ties. However, this also harbors destabilization potential for the family assemblage through non-family members in management positions who interact with important foreign trading partners (Eddleston et al., 2010). Furthermore, family firms should position themselves as *"attractive network partners"* (Reuber, 2016). This can be achieved through several ways; the uniqueness of product quality versus competition (Banalieva and Dhanaraj, 2013; Eddleston, Sarathy and Banalieva, 2018) but also the trust expressed towards the family

firm, depending on the level of governance structures of the respective partners (Bundy et al., 2017; Eddleston et al., 2010; Reuber, 2016).

Assemblage theory, while citing potential destabilizing factors, assumes a process-based view to examine recurrences that allow a family firm to bounce back from the influences which negatively affect cohesion. It also offers the possibility to examine underlying drivers of internationalization. Consequently, the *"hybrid logics"* which steer a family through decision-making are affected (Jaskiewicz et al., 2016; Reay, Jaskiewicz and Hinings, 2015b; Reuber, 2016). Likewise, assemblages themselves within family firms are impacted by increased heterogeneity (Reuber, 2016), such as interaction with new stakeholders but also through possible modifications in dealing with existing ones, through business relationships, for example by adapting communication due to - most likely unforeseen - influencing factors. Consequently, while assemblage theory offers the possibility to examine how de- and restabilizing factors affect the internationalization process, this theoretical lens takes into account underlying factors impacting internationalization. It is an explanatory approach on how assemblages within family firms are formed and how interaction between different assemblages and the respective members takes place in order to successfully overcome challenging events such as crises, observing both *"upward and downward trajectories"* (Reuber, 2016) in family firm decision making. Furthermore, assemblage theory remains to date the only theoretical frame which:

- Provides a process-based solution orientation (optimal adaption through analysis of *"recurring, interacting processes")*
- Analyzes post market-entry consequences (e.g. also considering market exit)
- Accurately examines tensions between *"family and business interests"*.

3.2. Socioemotional Wealth

Socioemotional wealth (SEW) consists of inherent, non-financial factors that a family wants to protect and maintain within the family firm. These include, for example, the ability to influence decisions, but also the vision to lead the company into the next generation and thus maintain the succession (Gómez-Mejía et al., 2007). Though not exclusively applicable for family firms through literature, socioemotional wealth implies characteristics which are crucial for many family firms, such as identification with the firm but also uniqueness of family firms in general (Gómez-Mejía et al., 2007; Berrone, Cruz and Gómez-Mejía, 2012).

The findings of Gomez-Mejia, Makri and Kintana (2010) propose that family firms might face a dilemma regarding simultaneous internationalization and preservation of SEW. This most likely leads to the tendency of preferring to internationalize in culturally close countries in comparison to non-family firms (Gomez-Mejia, Makri and Kintana, 2010). The reason might be to maintain as much family control as possible across distance (both cultural and geographical). Interestingly, these observations can vary depending on the applied internationalization theory. For example, Carr and Bateman (2009) have drawn the conclusion that family firms are generally more open to internationalization. These views are manifested in theories of time in family firm internationalization research: stewardship theorists such as Davis, Schoorman and Donaldson (1997) argue "*that family owner–managers' strong identification with the firm, and their commitment to the long-run welfare of the firm and its employees, motivate them to act in the best interest of the firm, even when presented with challenges and risks*" (Arrègle et al., 2021). This is in concordance with the examination of SEW through Liang, Wang and Cui (2013), whereas it can be observed that a family firm might try to find the right balance between the "*fear of losing family control*" and "*altruism among family members*" which could favor long-term growth strategies. It is important to also consider the individual perception of SEW. Vandekerkhof et al. (2018) are amongst the first, to date, to examine the different degrees of SEW orientation within the top management team. By examining 300 managers across 55 family firms, they acknowledge the different perception of SEW values that can occur, both with family and non-family members, and how these might influence strategic decision making. They suggest that a certain level of psychological safety, basically the freedom to voice different opinions without negative individual repercussions, can promote the efficiency of strategic decision making (Vandekerkhof et al., 2018). Important to keep in mind are also the assumptions by Laffranchini et al. (2020), regarding the formation of higher-order SEW, through extension (SEWe) or restriction (SEWr). SEWr indicates a restrictive approach the pursuit of continuous influence by the owning-managing family to attain their preferred objectives (Laffranchini et al., 2020; Miller and Breton-Miller, 2014). SEWe on the other hand follows the extensive approach of preserving both family values for (for generational succession) as well as respecting non-family stakeholder expectations, such as employees (Laffranchini et al., 2020; Miller and Breton-Miller, 2014). In the context of succession, it is crucial to hire highly skilled employee, both in- and outside the owner-manager family to ensure the continuity of the business but also, its values and SEW (Hoon, Hack and Kellermanns, 2019).

4. Methodology

For this thesis, qualitative research has been chosen as a fitting approach. The use of a qualitative method and the inherent multiculturality and multi-dimensionality of international business research (Birkinshaw, Brannen and Tung, 2011) allow for a detailed and diverse analysis, enriched with tangible experience and knowledge of the interviewees, to showcase how a family business perceives the internationalization process. This thesis aims to yield further insights into operational excellence when internationalizing in the face of crises by observing organizational structures in family firms but also individual behavior within these structures.

Here, a single case study with a company in 5th generation of family ownership and governance shall yield further insights into operational excellence when internationalizing as well as when facing a crisis.

4.1. Single Case Study

This single case study aims to examine the historical background of the chosen family firm and their initial and continuous drive for internationalization and cross-border expansion, as well as their approach to realizing the former. Further, the case study examines how crises of diverse types have impacted the internationalization process, potential changes to as strategic decision-making as well as the handling of the encountered hindrances within the given firm. According to Yin (2018), a case study approach is especially fitting in scenarios where the interviewer is asking exploratory questions, such as "*How*", "*What*" or "*Why*" questions regarding "*a contemporary set of events*" with the goal to gain a deeper understanding of the general principle involved, potentially fueling theoretical hypotheses for further research (Qualtrics, 2023; Yin and Davis, 2007).

For this thesis, a case study is particularly appropriate to be able consider the experiences of the respondents in a real-life context. With the firm in context being a family firm, it is further fitting to eventually better understand the complexity and uniqueness of family businesses and their internationalization process by analyzing a singular company in as much detail as possible.

4.2. Data Origin

4.2.1. Family Firm

The observed company is Caves Bernard-Massard (Bernard-Massard hereafter), a family firm in the 5th generation, currently owned and managed by the Clasen family with Hubert Clasen acting as CEO and his son Antoine Clasen as the general manager. With its headquarters on the banks of the river Moselle in Grevenmacher, Luxembourg. It is the oldest family firm in Luxembourg, and supplier to the Grand Ducal court. The company was founded in 1921 by Jean Bernard-Massard with the support of Bernard Clasen, who became the first chairman within the same year. Their mutual interest in oenology led to this partnership, to which Bernard Clasen provided the first vineyard *"Domaine Clos des Rochers"*, which he had inherited. With the premature death of Jean Bernard-Massard in 1923, his wife Anne Massard handed over the control of the company to the Clasen family. The vision of Bernard-Massard was, and still is, the creation of wines (still and sparkling) on Luxembourgish soil according to the *"méthode traditionelle",* the same method used to create wines in the Champagne. Constantly modernizing and with natural raw materials at the heart of the company, Bernard-Massard has always followed a sustainable approach to production and other company activities. In 2020, they launched their first organic cuvée. Today, already one third of the production is managed according to organic farming principles. With 85 local employees in Luxembourg and an average production of 3,5 million bottles, Bernard-Massard realizes a turnover of 30 million euros as the largest family-run producer of still and sparkling wines in Luxembourg.

4.2.2. International footprint

Bernard-Massard has had an international background from its very foundation. Jean-Bernard-Massard studied the *"méthode traditionelle"* to understand the production of sparkling wines in France. However, he deliberately chose to establish his winery in Luxembourg. In fact, most grapes and wines from Luxembourg were exported to Germany for sparkling wine production before the first world war. Furthermore, the duty-free import of Luxembourgish produce was no longer possible after the abolishment of the German customs union which forced winemakers to find other ways to sell their production. The formation of the Belgo-Luxembourg Economic Union (BLEU) in 1921, with a common currency as well as Belgium's ability to enter third-party negotiations in the name of BLEU, encouraged trade and was the natural initiator to export for Bernard-Massard

(Caves Bernard-Massard, 2021). After the second world war, nearly 70% of the company's production was sold in Belgium, mainly to convince people outside of Luxembourg that a sparkling wine with high quality offered better money for value than a traditional Champagne. After the country joined the European Union in 1995, Bernard-Massard first ventured to Finland in 1996, closely followed by Canada in 1998. To this day, Finland and Canada are amongst the top-selling countries and main export markets for Bernard-Massard. The company is exporting to over 20 countries worldwide, with continuous emphasis put on internationalization (Caves Bernard-Massard, 2021).

4.2.3. Industry characteristics

The global market for alcoholic beverages will comprise close to 1,594.0 billion euros of revenue in 2024. Of this, wine, including still and sparkling wine, makes up for roughly 155 billion euros (Statista 2024). According to analysts, wine is seemingly no longer perceived as a luxury product (Statista 2024). Thus, it does not need a significantly higher price tag to be deemed as high-quality (Kapferer and Laurent, 2016). This leads to the assumption that it will most likely become more feasible to recruit new customers, also abroad. However, when internationalizing, market specifics must also be considered (Ramón-Llorens, García-Meca and Duréndez, 2017), as it might be more difficult to enter specific markets due to legal regulations or other constraints.

4.2.4. Location characteristics

The Moselle valley has well-known reputation for its wine production. Forming a natural border across 42 km between Germany and Luxembourg, the valley is one of the oldest northern wine-growing regions in Europe. An advantage to the Bernard-Massard vineyards is the mild micro-climate, thanks to the proximity to the river and the south-western exposure (Caves Bernard-Massard, 2021).

4.3. Data Collection

In addition to the conduction of semi-structured interviews, a range of secondary data has been gathered, through examination of the company's website, archival data and company brochures. Furthermore, previous interviews with three employees of the company, which were conducted during university project work on family firm internationalization were reevaluated. The interviews also included a guided tour of the premises, including the vinotheque and cellars, during which extensive observations could be made. Semi-structured interviews were conducted as part of this qualitative study. These are intended to help develop a better understanding of the participants' points of view in order to establish coherence in the context of this research work. In addition, interviews offer the opportunity to collect empirical values from the interviewees and thus to better assess subjective assessments. The interviews included a mixture of closed and open-end questions, which were determined beforehand based on previously conducted research on the topic in question. This way, a general structure for the interviews was formed, which does however not need to be strictly followed, as the purpose of semi-structured interviews is to enable flexibility through follow-up questions if suited and allow the interviewee to formulate their responses more openly, in their expressive style to give as authentic an impression as possible (Brinkmann and Kvale, 2015; Kallio et al., 2016). The main objectives of this study were identified and analyzed prior to conducting the interviews through a detailed review of existing literature on the respective objectives. The interviews were set-up with the help of the secretary of the examined company, who provided a list of potential participants with different functions within the company in order to achieve the broadest possible coverage of the areas of work. All participants of this list gave their consent to being interviewed for the purpose of this research. The interviews were conducted in the language of the respective participant, leading to a total of three different languages used: French (Interviews 5, 9 and 13), German (Interviews 2 and 12) and Luxembourgish (Interviews 1, 3, 4, 6, 7, 8, 10, 11 and 14). The interviews were transcribed in the original language and translated into English. Both two active family members were interviewed (Interviews 10 and 14), with the remaining interviewees (1-9 and 11-13) being non-family members. The duration of affiliation with the company (at the time of the interview) varies between one year (Interview 6) and 47 years (Interview 10). The positions occupied included the CEO (Interview 10) and general manager (Interview 14), different members of the executive team (Interviews 1,2, 6, 9, 11-13) and regular team members (Interviews 3-5, 7 and 8). The areas of work were as diverse as possible including the cellars, production and logistics, sales and export as well as finance. The main aspects of the interviews were: the uniqueness of family firms, family firm internationalization and crisis management. The outline of the standard questions was the same for every participant, with individual elements or follow-up questions posed dependent on the participants' position in the company. A detailed analysis of the results will follow in a later section of this thesis. The timeframe for the conduction of interviews was initially fixed for an 8-week time period. However, due to an unforeseen change in temperature and the resulting heatwave, parts of the harvest and production had to be brought forward. As a result, the interview period had to be postponed and extended to a total of 6 months as many employees were affected by this unexpected adjustment and were therefore restricted in their availability. The medium of communication for the interviews was chosen in accordance with the company secretary and the individual preference of the participants. Hence, this resulted in interviews being held online via Microsoft Teams (Interviews 1-4, 6, 7, 11, 12 and 14), via telephone (Interviews 5, 8 and 13) as well as in person at the company seat in Grevenmacher, Luxembourg (Interviews 9 and 10). The duration of the interviews varied between around nine minutes (Interview 2) up to twenty-seven minutes (Interview 6). All interviews were recorded on two separate devices and transcribed verbatim, according to the framework for qualitative research interviews (Brinkmann and Kvale, 2015) and translated into English. This resulted in a total of 62 pages of transcriptions. In order to guarantee transparency regarding comparability and application of findings to existing theory, relevant quotes have been alluded to in the analysis section of this thesis. Table 4 provides an overview of the conducted interviews, indicating the number of the interview, the function of the interviewee, how long they have been with the company, the date of the interview, the channel of communication, the interview language and the duration of the interview.

Interview number	**Function of Interviewee**	**With the company since**	**Date of Interview**	**Channel of Communication**	**Interview Language**	**Duration of Interview**
1	Administrative and financial director	2019	30.11.2022	Microsoft Teams	Luxembourgish	20:46
2	Cellar Master	2007	02.12.2022	Microsoft Teams	German	08:58
3	Purchasing	2002	05.12.2022	Microsoft Teams	Luxembourgish	13:48
4	Accounting	1985	06.12.2022	Microsoft Teams	Luxembourgish	13:59
5	Production Assistant	2010	09.12.2022	Telephone	French	09:57
6	Sales Director	2021	13.12.2022	Microsoft Teams	Luxembourgish	27:14
7	Logistics	1989	16.12.2022	Microsoft Teams	Luxembourgish	17:51
8	Production	1985	19.12.2022	Telephone	Luxembourgish	18:57
9	Production Manager	2019	05.01.2023	On Site	French	14:06
10	CEO	1976	05.01.2023	On Site	Luxembourgish	21:17

11	Customer Service Manager	2007	13.01.2023	Microsoft Teams	Luxembourgish	18:43
12	Technical Manager	1992	20.01.2023	Microsoft Teams	German	16:59
13	Maintenance Manager	2014	20.01.2023	Telephone	French	10:21
14	General Manager	2011	18.04.2023	Microsoft Teams	Luxembourgish	21:42

Table 3: Overview of conducted interviews

4.4. Data Processing

The available data from qualitative, semi-structured interviews is ideally suited for a holistic analysis according to Gioia (Magnani and Gioia, 2023). First applied by Gioia in the 1980s, this methodology has since established itself particularly in the evaluation of case studies in the field of international business research (Eisenhardt, 2007). This is mainly due to the systematic approach, which extends over several phases. First, the so-called 1st-order codes are created by coding the interviews verbatim primarily through the use of language (e.g., certain words or expressions used). Every interview was observed separately to derive the 1st-order codes. In this step, a total of 53 1st-order codes have been created across 14 interviews conducted. This is, according to Gioia, Corley and Hamilton (2012b), acceptable for an amount of 10+ interviews, where the number of codes usually varies within 50 to 100. A comprehensive list of the generated codes and categories as well as their supporting quotes can be found in the appendix.

In the second step, 2nd-order themes are assigned to corresponding 1st-order codes. This is a process similar to axial coding by Strauss and Corbin (1998). The 2nd-order themes will condense the 1st-order codes into categories that can be further observed without the necessity of the exact interview wording. The theoretical research aspect is already applied here in order to be able to create factually based 2nd-order themes. A total of eleven 2nd-order themes have resulted from the categorization of 1st-order codes.

In the last step, order themes are again condensed under aggregate dimensions in order to ensure comprehensibility with regard to existing theoretical principles (Gioia et al., 2013). Here, three 3rd-order aggregate dimensions have been derived. Figure 1 details this process before discussing the results in the following section.

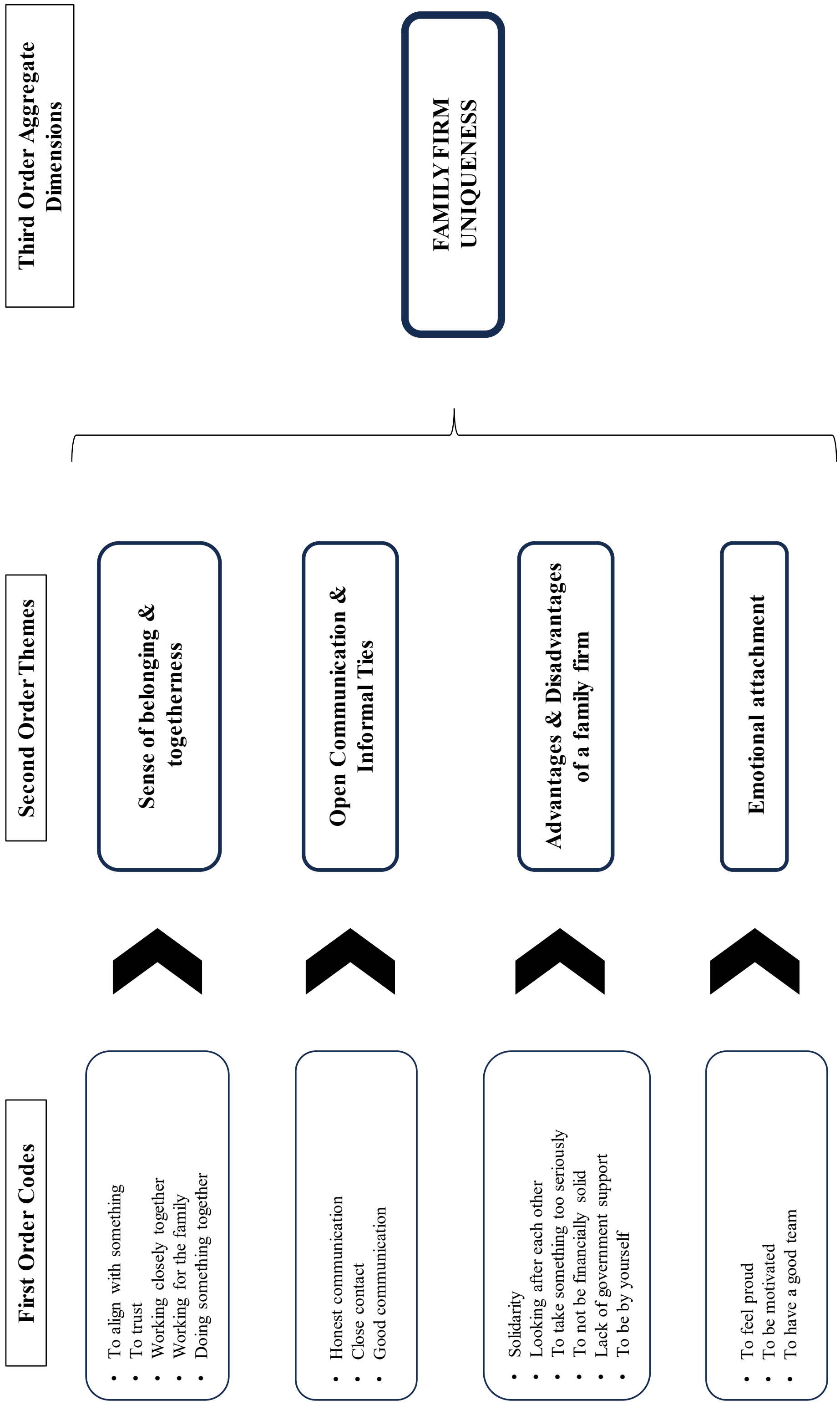

Figure 1: Coding according to Gioia Methodology (1/3)

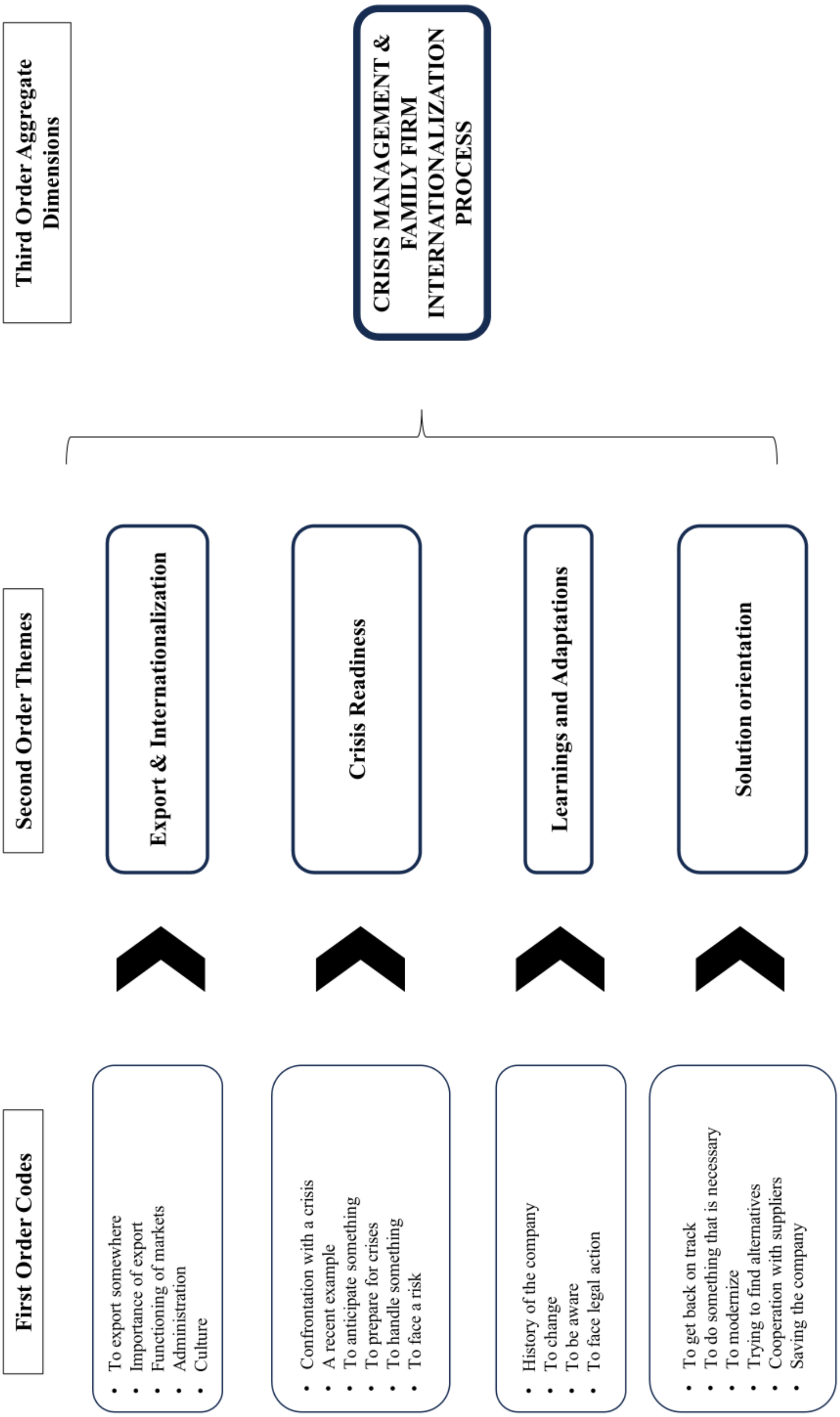

Figure 1: Coding according to Gioia Methodology (continued 2/3)

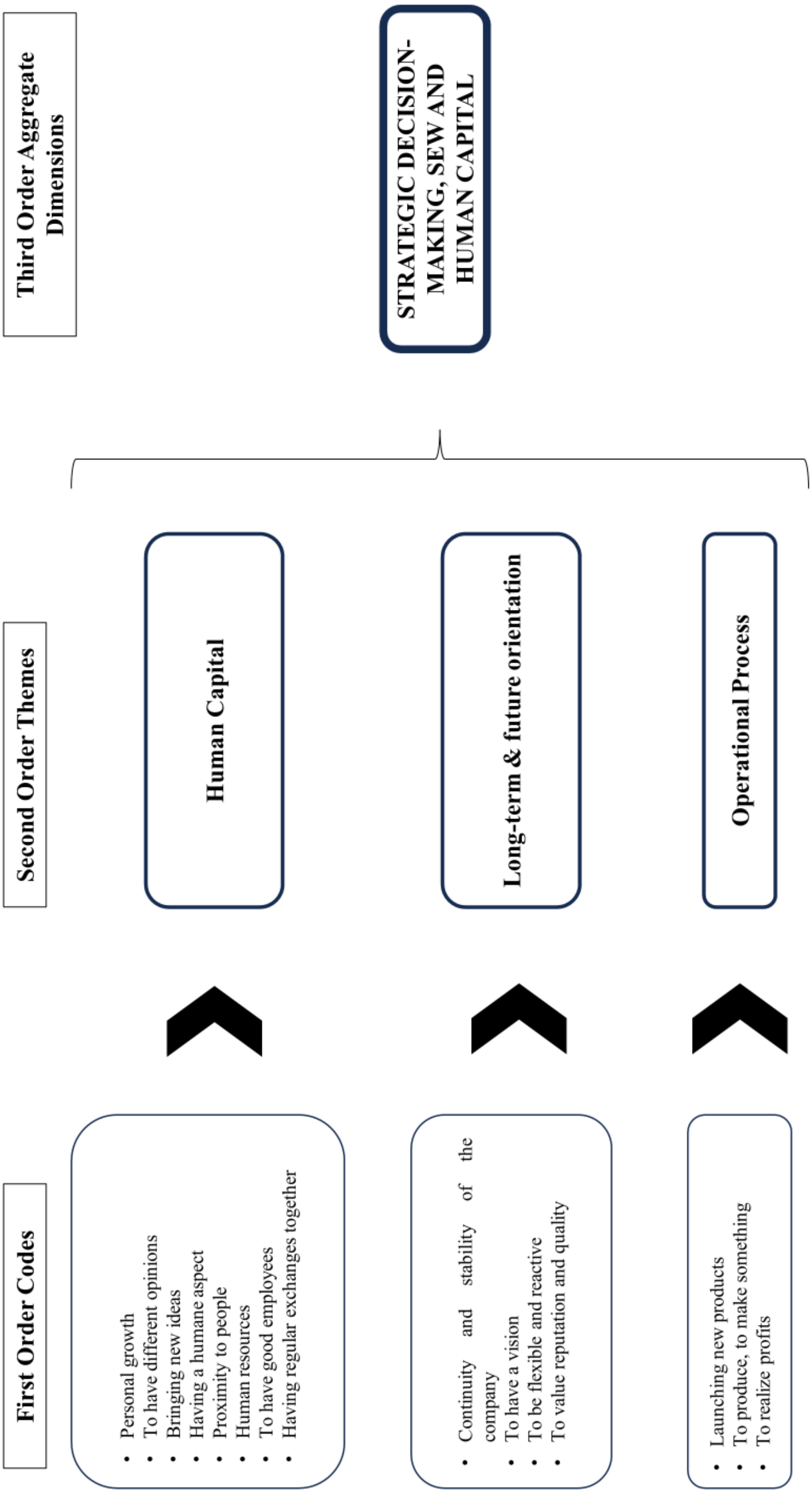

Figure 1: Coding according to Gioia Methodology (continued 3/3)

5. Findings

The purpose of this research is to better understand how the internationalization process within family firms is influenced by crises or other challenging events. The initial questions that have been asked during the interviews were formulated with reference to the history of the company and the respondent's knowledge about former crises or challenges that the family firm has faced, how the managing family handled them and what measures, if any, were taken regarding internationalization. The questions were along the following lines:
"Do you know of any crises or challenges that Bernard-Massard experienced since its foundation? How did the Clasen family handle these occurrences? What specific measures were put in place to deal with them?"
This reflective call upon the history of the company helped in situating the research topic with the interview respondents.

5.1. Family Firm Uniqueness

When observing the uniqueness of a family firm, the following themes have emerged: **a sense of belonging and togetherness, advantages and disadvantages of a family firm**, both in general and specifically when facing a crisis, as well as the comparison between family firms and non-family firms, **open communication and informal ties** and the **emotional attachment** of employees to the company itself.

5.1.1. Sense of Belonging and Togetherness

The results show this by simple activities such as **working for the family or working closely together.** This highlights the importance of cohesion at the workplace, as it automatically creates social bonds and heightens team spirit**.**

> *"It is more like working for the family or working in a larger group, closely dependent on your colleagues' help. That is what we have done during the crisis."* (Interview 1)

> *"(..) in other companies (…) there you are never a part of the family or the club working together."* (Interview 1)

> *"Once a year, we have a staff dinner, at which Mr. Antoine Clasen gives an overview of the directives that are about to arrive, that were passed last year and this year, and of the projects. He gives an overview of the company's situation, but here, all the staff are together. I think that's nice too."* (Interview 11)

This is further strengthened through activities performed outside of the workplace, by **doing something together**, as indicated by the sales director of the company:

> *"Here, we also meet up after work, on weekends, we see each other often and we do things."* (Interview 6)

In essence, the **unique characteristics** that a family firm consists of are not only reflected at the management level or in cooperation with clients, but through the entire workforce. These characteristics include for example trust, which boosts confidence to voice an opinion or decide without the fear of being controlled by others. Here, this confidence is boosted throughout the company and thereby extended from family members to non-family staff, again highlighting the **sense of belonging** to the entity of the firm and the family itself to some extent.

> *"And at that moment, we are part of the whole thing, from the basis to the final sale."* (Interview 2)

This trust is expressed from customers as well as suppliers in terms of payment guarantees, especially during times of crises. In this case, the longevity of the business relationship, positive experiences from the past and the dedication to the companies (and hence the successful deliveries of goods and the continued use of services) lead to increased trustworthiness of the family firm with its stakeholders:

> *"(…) if you have a relationship that has lasted years and then a crisis might occur, the supplier will trust you, they will know that they are going to get paid such as the clients and employees trust since that is also exemplified, which helps during crises to say that we will manage together."* (Interview 1)

> *"We aligned ourselves to Bernard-Massards benefit."* (Interview 13)

From a top-level management perspective, this trust is also a positively connotated burden, as both employees but also business partners have put faith in the decision-making abilities to overcome a dry spell:

> *"If you find yourself in a real crisis, the people count upon you, they trust you and you are all of a sudden one that has to make the right calls during a crisis."* (Interview 14)

5.1.2. Advantages and Disadvantages of a Family Firm

The **uniqueness of family firms** is also seen when comparisons with other companies, especially larger corporations, are being made. Here, the **advantages** of a family firm in general yield a deeper perception of the preference of working for a family firm rather than a large corporation, citing factors such as the positive lack of anonymity (e.g. knowing each other by name):

> *"It is a bit like working for a family, as if you were to say you don't want to disappoint your father, your uncle, your cousin. (...) This can be an advantage."* (Interview 1)

> *"In a large corporation you're just a number. In a family business like this, you all know each other by first name and surname. You're not a neutron in the whole thing. And I think that's a big advantage if you just look after each other."* (Interview 2)

Additionally, employees across different hierarchies from production assistance to the maintenance manager cite that it can be felt as part of a family firm as well as the ability to **work together through mutual understanding**, also through the experience of former generations. This is another distinguishing aspect for family firms, whereas they might be able to benefit from the experience of past generations and can therefore be better prepared for potential mistakes and challenges:

> *"The advantage of being a family business, with five generations already behind us. I think that in the ability to get together, to discuss things together. But the advantage is that we know the decisions fairly quickly."* (Interview 13)

> *"(...) in a family firm, you are a part of it, especially when you have been here for a long time, you just belong there. That would be an advantage."* (Interview 4)

Then, there is also solidarity, between employees but also towards to company itself*:*

> *"The advantages are that there's solidarity, because we know each other, we all know each other, precisely through these end-of-year staff meetings for these little attentions. We know each other (...)"* (Interview 5)

> *"(...) we've all been available and responsive in the sense that, after the Covid crisis, we knew there were going to be complicated months and we were all available. (...), and this solidarity and mutual support was really great" (Interview 5)*

This also manifests a certain degree of identification with the company and the products themselves. This is perceived as an advantage, as employees of larger companies might not feel the same passion as family firm employees do for their employer and the continuity of the company:

"I imagine that, with a bigger company (...). I think they might not be informed, and I also think that they maybe might not even care, for the bigger companies." (Interview 3)

Regarding the **disadvantages** of a family firm in general, but especially when facing crises, the interviewees did not particularly perceive many potential disadvantages versus non-family firms or bigger corporations. The **disadvantages** that were perceived can be interpreted through the pressure one might feel to deliver good results or to be accountable for specific actions:

"(...) within the management we are working closely together with the need of one anothers reassurance. That is something that one can take too seriously at times, trying to do too much to not disappoint anyone." (Interview 1)

Other **disadvantages** are seen in the financials of a family firm, indicating that especially younger family firms might lack reserves for challenging times or even investment and can hence not act as freely as an older, more financially stable family firm or big company:

"(...) a family business which might be much younger and perhaps less financially solid, it could be something more complicated." (Interview 5)

Additionally, there could be a lack of governmental support and relief to ensure operational continuity which, in this case specifically, is attributed to the exclusivity or *"luxuriousness"* of the products sold. This is also reflected by the sentiment of solitude, especially in challenging situations when much is at stake regarding the decisions to be made:

"(...) disadvantages probably more likely with the lack of support from the government, because we do not really provide an essential commodity." (Interview 11)

"Well, the disadvantage is that you are all by yourself. Maybe not entirely, but mostly." (Interview 14)

5.1.3. Open Communication and Informal Ties

The emphasis of uniqueness but also the success in the context of internationalization and when encountering crises or similar challenges is reflected through the importance of **communication** and **informal ties.** Hence, employees confirm the importance of maintaining a strong and healthy relationship with suppliers and customers, in general but also especially during challenging periods of time. The **open communication** aspect is crucial during times of crises. From a business ethics perspective, both customers and suppliers as well stakeholders in general, feel the need to be informed about the goings-on, but the importance here is in what way they will be informed. Evidently, this leads to the assumption that a transparent communication towards the public, or stakeholders concerned in the case of a family firm, is crucial to at least mitigate twofold negative consequences; the ones stemming from the crisis itself as well as the potential ones from stakeholders' reactions to the handling of the crisis. The following quotes highlight the degree of transparency and the importance of communication and how the family firm is adapting its communication methods during times of crises, both towards the customers but also supply partners.

> *"(…) our director has been active a lot in export. Canada, Finland, Japan, to keep the communication up, to keep things running. And here, in Luxembourg too I mean, we have to be visible."* (Interview 3)
>
> *"(…) our values include having good and frequent contact with our carrier (…)"* (Interview 11)
>
> *"Thankfully, we were one of the first with the carriers that said "Well, Bernard-Massard needs them" and since we maintained a good relationship we overcame this together."* (Interview 11)
>
> *"In every communication with the carrier we also included the client to show them that we were being active (…)"* (Interview 11)
>
> *"Just the relationship we then built with our customers helped immensely. Also with private customers (…)."* (Interview 14)

5.1.4. Emotional Attachment

However, it is also a question of **being valued**, feeling motivated as an employee and to experience the importance of **human capital** besides the family members themselves:

> *"(…) you have to enjoy going to work. So you have to motivate your employees from time to time, because otherwise it is going to be difficult. Motivation is easy just by saying "you did well", that's something simple but worthwhile if you are being told that you did well."* (Interview 7)

This not only shows the value put in mutual respect between colleagues but also from supervisors and management, which encourages the staff to be proactive, to be autonomous which provides added value within the company:

> *"You have to have a good entourage of people giving you counsel, a good team that thinks along with you. I put it like that, in a company you need people who think along and ahead with you while doing their daily jobs, that is invaluable."* (Interview 14)

Furthermore, this manifests as such that the staff too feels singularly different within a family firm than they would do in a non-family firm. The staff feel proud of being part of the company and the products they are making and being able to offer them to a large audience, both local and abroad, and to receive praise for such:

> *"Because actually, we make pretty good sparkling wine in Luxembourg."* (Interview 7)

> *"We, our Crémant, did receive a gold medal, whereas a Champagne did not."* (Interview 7)

5.2. Crisis Management and Family Firm Internationalization Process

5.2.1. Export and Internationalization

The theme of family firm internationalization is important to verify for this research. **Export** being one of the main foreign market entry modes of family firms in general and with **export-based internationalization** being the sole entry mode for the given sample. The questions asked aim to answer the approach to internationalization through **export** and how it has shaped the company over time, with the consideration of **cultural knowledge**.

> *"(…) the year of our centenary in 2021, last year, was a very, very good year for exports."* (Interview 5)

The family firm focusses on **export** as the main foreign entry market mode and thus generates a large portion of its turnover through internationalization in out-of-home markets. The following quotes highlight the importance of export for the family firm, also due to the smaller relative size of its home country and home market, which is also amongst the reasons why the firm chose to internationalize through export:

> *"(...) here in Luxembourg, we have a lot of export, which is important for Bernard-Massard, like Canada, Finland... these are our main clients."* (Interview 8)

> *"If we did not have Canada and Finland, let's say, we would have a problem. I think, more or less 65% of our production is going abroad, if we did not have that, that would be problematic."* (Interview 8)

> *"I think export saves the day when I see what we're doing on the export front. When I see the quantity that goes out to Canada, Finland, etc., it's certain that if it had stayed, and on the Luxembourg and Belgian markets, we'd be there more, because I think there's a good half that goes outside the Benelux."* (Interview 9)

It is important to highlight the time and resource consumption of foreign market entry modes such as export, especially considering potential barriers. Even though processes have since been introduced to guarantee a successful continuation (for example if a person were to be absent due to unforeseen circumstances), the customer service manager indicates the immense responsibility sitting on her shoulders being the sole responsible in dealing with export administration (such as customs, foreign carriers etc.):

> *"(...) there is only myself handling the whole administrative handling at the company (...)"* (Interview 11)

> *"(...) as I was only the back-up for export processing and my colleague was to return from her maternity leave."* (Interview 11)

In this case, it is interesting to evaluate cultural drivers of internationalization, where the production manager of the family firm indicates the inherent international characteristics of the home-country, Luxembourg, and its inhabitants as well as the family firm itself:

> *"Well, yes, yes, internationalization, but then, that's it, all of Luxembourg (...) It's a country where the inhabitants are culturally internationalized, and so is Bernard-Massard."* (Interview 9)

Nonetheless, possible cultural differences must be accounted for when entering foreign markets, regardless of the market entry mode. The sales director emphasizes this notion with consideration to the product portfolio offered in a foreign market (for example due to differences in taste preference or also pricing with respect to purchasing power), the administrative challenges (for example the necessity of having a distributing partner with its own local distribution network):

> *"For one, you have to evaluate how the market functions. Some we might be able to export to, others are more special. That means that you are not simply going to export somewhere, there is also a lot happening in-between with customs."* (Interview 6)

> *"(…) a market like China, which is really hard to enter because of the legal constraints. To export to other foreign countries, you often have to go through an importer, who will handle everything and facilitate things. This importer then has his own distribution to other parties, such as supermarkets, other distributers, small shops, gas stations or whatever. These are circumstances that are more unique compared to other domains."* (Interview 6)

> *"(…) you have to evaluate which product suits which country and where to best place it."* (Interview 6)

Of course, the evaluation of a market must be realistic. Here, it is interesting that the experience of respondents contradicts previous research in the field of family firm internationalization. In fact, the following responses further strengthen the argumentation regarding industry characteristics that must be considered. In the wine industry, it is apparent that a **cultural proximity** and might rather be perceived as an obstacle due to the markets often already being fully saturated by local production and it will therefore be more difficult to gain a foothold:

> *"Knowledgeably, there's no point. With the French market, they have so much wine, even on the Italian, Spanish market, they have so much wine that we'll never do anything."* (Interview 9)

> *"(…) we are already trying to establish a proper trade relationship in countries that are reliable partners, where it is possible to build up a proper trade relationship. That is now also the case with other countries, that you have set your sights on where you try to gain a foothold somewhere, to have a broader base, including exports."* (Interview 12)

"I'll say our main business is méthode traditionelle, sparkling wine business, traditional bottle fermentation where we have different flavors, different cuvées that are then presented and then the market observed a bit, for example there are markets I say who prefer to drink something a little drier, the others drink something a little sweeter - they're already looking at what's in the market. Yes, if we do a store check we also see that and analyze the market a bit, so we can then act practically and adapt to it." (Interview 12)

The company is aware of the potential risks that export as the sole foreign market entry mode entails and is continuously examining other methods of internationalization. However, **export** remains the strategic focus in terms of expanding internationalization and entering foreign markets:

"If we want to expand, let's say, or expand the portfolio, then it's in export with us. Different things are already being offered and tried, of course." (Interview 12)

5.2.2. Crisis Readiness, Learnings and Adaptations

Family firms are just as likely to be confronted with crises as are non-family firms. In fact, due to their unique organizational structure, family firms might be even more prone to encounter many different challenges at the same time. Therefore, different mechanisms in order to ensure resilience should be in place so that the firm can continue its operations as best as possible to ensure survival. To examine these, this research emphasized the importance of **crisis readiness**, with the consideration of **learnings and adaptations** made from previous encounters. In this specific example of family firm crisis management, it becomes apparent that the company has faced situations of crises, stemming from both external as well as internal triggers, from its very foundation. When asked about past crises or major challenging events, interviewees revisit the company origins and how they had to overcome a crisis right away. The founder had the necessary know-how and technical skills without sufficient financial means which led to the cooperation with the Clasen family who now runs the company in 5th generation:

"(...) the first was in 1921. There you have to know that it was Mr. Jean Bernard who came to Grevenmacher with the idea to produce sparkling wine after the traditional method. That was a great idea, but he didn't have a lot of money. And that is where the origin of the Clasen family starts and how they came on board. Back then, they had the money to support this know-how and only because of that the foundation of a company

like Bernard-Massard was possible. That was the first crisis management in a sense because without this, Bernard-Massard would never have existed." (Interview 6)

"(…) it was a small and young company that had to always question itself, reinvent itself to survive periods of being too close to going out of business." (Interview 10)

Further, I want to especially highlight examples of crises that have had a particular impact on the company according to the respondents, how the company handled these and what were possible learnings or adaptions made in the aftermath. These are three **exogenous crises**, where the crises arose in the company's external environment, for example through economic recession, military actions or similar situations that did not have their origin within the company and were not caused due to the company's internal structures, but still have had a direct impact on the company. (**the second world war**, a **legal altercation with a competitor**, the **Covid-19 pandemic** and the **Ukraine – Russia conflict**) as well as an **internal crisis**:

Exogenous crises (in chronological order):

Second World War:

"(…) during the Second World War, Grevenmacher was evacuated and the German soldiers had occupied the cellars and that there was a lot of damage after the war and everyone came back, all the employees came back to Bernard-Massard and helped to rebuild Bernard-Massard after the war." (Interview 5)

"I think the biggest crisis was really the Second World War. I don't think they saw it coming." (Interview 9)

The current general manager points out that during the Second World War there was a reinvention within the company, but also in the cooperation with suppliers, a new combination of already existing assemblies of stakeholders.

"Well, that was a huge crisis where we had to completely reinvent ourselves and question the whole business model for growth, to receive supplies allowing and guaranteeing us to be able to export, to produce more wine but still at a high quality. This was a crisis where the entire company required a change of mind." (Interview 14)

Naturally, the Second World War has had extreme consequences worldwide. In addition to the numerous casualties, the European infrastructure in particular was devastated. This also included the economy, which, however, experienced an enormous upswing in the three decades following the end of the Second World War, from which Bernard-Massard was also able to benefit:

"That's why, after WWII, this changed our strategy when my father rebuild everything here. The only thing that I can say as a consequence to WWII is that it created an economic boom in Europe, during the 30 years afterwards, where all the reconstructions and the rebuilding of Europe brought this growth for 30 years. That is a consequence but not a strategy where we did something strategically. The only thing that I can say is, even if not directly linked to crises, when I entered the business (...) I will just say what the strategy was when I entered, because during the 1970s and 1980s, we experienced the slowdown of the economic growth in Luxembourg, where we said: now we need to develop, to really get a foothold in our home country, and build something here in Luxembourg to generate revenue, to be visible and to expand." (Interview 10)

Legal altercation with competitor in foreign market:

The current general manager indicated the details of a significant crisis with both internal and external triggers. In one of their main export markets, the company was confronted with a cease-and-desist action by a competitor due to the alleged similarity of the color of a label:

"(...) we received a letter from another big and well-known sparkling wine producer, insisting that we had one week to remove all our bottles with a yellow label from shelves, because it apparently was too similar to their own label." (Interview 14)

"The judge told us that they (the competitor) were granted legal ruling and we had one week to remove all of our bottles from the market because otherwise we would have had to pay a fine of 1000€ per bottle. Well, with 100k bottles times 1000€, we would have been bankrupt." (Interview 14)

The company not only had to quickly react to these initial claims and the court ruling but was also forced to evaluate how this could potentially affect the rest of its internationalization activities. They took retaliatory legal action to challenge the initial trademarking of the color by the competitor. This prevented the competitor from extending its lawsuit to other countries and markets:

"(…) you are not allowed to legally register a color for protection, so we went ahead and did exactly that with some random blue color. Naturally, we received a trademark refusal. Afterwards we contacted their lawyer and told them that we found it remarkable that they were able to trademark a yellow color as we were not allowed to do so, and that we would challenge their trademark. It took two days after that and we had reached a mutual settlement." (Interview 14)

"They wanted to use this initial court ruling also in Luxembourg, as well as in Canada and all of our other markets, which would have been catastrophic. Well, lessons learned, a good thing that we were quick to react and we did handle this well, but you have to be aware of what the competition is doing yet remain gutsy." (Interview 14)

Covid-19 pandemic:

The unique consequences of the **Covid-19 pandemic** on the functioning of societies shall be highlighted again here, to reevaluate the seriousness of the situation but also how it was handled from the perspective of a family firm. Apart from general contact restrictions, such as social distancing and prohibited gatherings of large groups of people, as well as the regular tracking of symptoms and testing in the population, the hospitality and tourism sector was most severely affected due to several periods of lockdowns. For the family firm, this also posed a significant, yet unknown challenge in terms of organizing the workforce, the shifting focus of sales channels (from restauration to supermarkets) and the decrease in alcoholic beverage consumption in the in general:

"How we handled it, and that it worked out fine was probably the biggest takeaway or lesson learned." (Interview 4)

"With COVID, of course we also went there to protect people with short-time labor and still managed to get through the workload we had to do." (Interview 2)

"(…) we had to define how to organize the tastings so as to always remain within the sanitary conditions that were in place at the time of the various periods we went through during the COVID crisis." (Interview 5)

"It's true that we're all a bit afraid, saying: restaurants are closed, people aren't drinking at home anymore, so our sales are probably going to freeze up." (Interview 5)

"That means that the restaurants were closed, so naturally the focus shifted to supermarkets." (Interview 6)

"Well, at the beginning of COVID 19 there was a massive uncertainty: sales decreased, all the restaurants were suddenly closed, supermarkets at the beginning also not doing so well and people might have been thinking about buying other things than wine. That was when we said to ourselves: look, this might be a crisis, but we will start communicating like crazy. (…) Let's try to reach people." (Interview 14)

The current general manager, one of two members of the owning and managing family active in the firm, detailed the strategy that was being executed during this time, by offering new and unique ways to interact with B2B customers, such as restaurants, through wine cellar tours and extensions of payment terms:

"And this is where I said: Alright, if the people have got the time, let's approach them, let's be less passive as we usually are, let's actively engage more towards our customers. And that worked very well. (…) Well, restaurants are still closed, the owners never had the time to visit us, we decided to invite them all one by one to visit us and do two things with them: first, let's tell them they don't need to pay their bills now, everything invoiced and open. (Interview 14)

Being aware of the dire situation due to low frequency and hence less cash flow in the restauration business, the extension of payment terms was a much-appreciated measure, which in turn lead to an overall improved performance in this sector after the Covid-19 measures were lifted:

(…) restaurants that don't necessarily have full cash register where everybody now wants their bills paid, they will end up bankrupt. And if you give them some breathing space, they might appreciate that. And this is effectively where we did two things, for one, we invited them to wine tastings as they never had the time, let's use this opportunity to make up for it. And there were many restaurants that did know us but imagined us saying: Bernard-Massard, well they are such a huge company, and all of that. But then they suddenly realized that we aren't such a huge company after all, that we are very close to both the vineyards and the people and not only do business to scale but also niche business. I think this was extremely helpful because looking at it today, we generate 30-40% more with the restauration business compared to pre COVID 19." (Interview 14)

Ukraine – Russia Conflict:

The respondents indicate the difficulty of the circumstances following the conflict between Ukraine and Russia. The company held a strong presence in the Russian market. However, all export activities to Russia had to be ceased, for ethical reasons as well as due to the strict economic sanctions against Russia. This consequently led to a sudden, unforeseen collapse of a previously stable market and the exit of the latter:

> *(…) a relatively recent example which is also in context of a crisis, that is Russia. With Russia, we had a relatively good market, we had good export going, and then there something happens like what is going on right now, and the entire market collapses. We are talking about dropping down to zero.* (Interview 6)

> *I have a recent example, we just lost clients, but this is due to the affair with Russia, there is no going in or out, it's just a blockage.* (Interview 8)

> *Right now everybody is streamlining their product range, everybody has the same problem that we have, just to illustrate, with glass. We are facing an oligopoly, you find out that much is done in Ukraine... everything comes out of Ukraine right now, and due to the war the glass furnaces, which are huge devices, only one or two are kept open.* (Interview 10)

<u>Internal Crisis</u>

Warehouse extension:

This crisis highlights the difficulties that a family firm might encounter in financing new projects, but also regarding quality control. As mentioned by the respondents, this was not only a costly internal crisis which nearly ruined the company:

> *"An internal crisis was the one afflicting quality (the wood preservative used in the warehouse extension), which nearly ruined us. In the aftermath, we reacted the strategy regarding quality was reinforced. But that was an internal crisis, just as crucial."* (Interview 10)

> *"(…) wood was used to build this warehouse, and it suddenly turned out that these wines and sparkling wines were all rejected at the testing center for a reason of taste. Then, of course, you had to dispose of practically everything, you had to buy new things, you tore down the entire extension - that was a dry spell of a few years. It wasn't easy to get through that."* (Interview 12)

In addition, they also had to establish a new strategy regarding quality control, which heightened both the pressure to achieve sales targets in order to make up for the revenue loss, but also to ensure customers and partners that the products were of the initially proclaimed quality:

> *"Anyway, luckily we found out what the problem was, the wood from which the roof was made had been treated with a wood preservative containing Epichlorohydrin (...) When we finally discovered this, we had to tear down the entire structure and reconstruct anew, which meant that my father had to take up a loan and this ended up costing us one year in sales revenue."* (Interview 14)

> *"You did not only need to sell the product but you also had to convince people that the quality was good, you had to explain what had happened but also hope that some people might forget that there even was a problem and move forward. I think that this was really no mean feat to get through that."* (Interview 14)

5.2.3. Solution Orientation

Furthermore, respondents were asked on how the company specifically acted during crises or challenges faced, to observe the **crisis readiness** in general but also the **solution orientation** of management and staff and how this was applied in practice. An important aspect that was mentioned several times was the actual confrontation with a crisis but also the anticipation leading up to such, which reflects in the specific actions taken, presumably also beforehand:

> *"(...) with all other suppliers, whether it's labels, cartons or caps, there's a lot of competition. We now use two or three of them everywhere. (...) if something is lost somewhere and we can no longer produce, we can always switch to another supplier."* (Interview 12)

> *"But what we try to do is always anticipate. In other words, when we order one piece, we immediately order another to make sure we have stocks in case of problems."* (Interview 13)

> *"Even for empty bottles, we have to anticipate much more than before, because we're not alone on the market, there's a lot of demand."* (Interview 13)

> *"Anticipation means ordering in principle a year in advance of production, you know what I mean."* (Interview 13)

From this it becomes clear that a family firm also needs to be prepared, because otherwise, the challenges that the market presents, after the initial shock of a crisis, will become too strenuous. Especially in the face of competitors who might possess the necessary resources and leverage to overcome a crisis, for example cost of material but also excess in staff, additional cost of personnel and replacements. This is another factor that sets family firms apart from bigger corporations:

> *"(...) a smaller, well organized enterprise will encounter a problem since they do not have this excess in staff they can't just let people go since they all add value."* (Interview 1)

> *"(...) there were a couple of incidents within the family where one Mr. Clasen died very early, which meant that someone had to take over fairly quickly."* (Interview 6)

However, this **anticipation** and preparation is not always possible, or only to some extent due to external industry factors such as the dependency on certain supplier monopolies. One of two active members of the owning and managing family remarked upon material shortages and the consequent stockpiling as follows:

> *"(...) we are taking these measures to purchase as much material as possible, buy whatever we can get, so we stockpile. The problem is, even this tactic is not working anymore because we are being told 'well, you bought one million bottles last year so you will receive one million bottles this year'. It's not like you are able to get 1,2 million, no discussions there. And then you have a 20% price increase, and if you are not taking them, no problem, somebody else will. So, currently it is difficult to find alternatives."* (Interview 10)

The strategic orientation of the company is a focal point here, with the need for top management to observe, convene with the management team and implement the necessary measures to counter or deal with a problem, though this might have an impact on day-to-day activities. Here, doing **what is necessary to get back on track** and **save the company**, while also preserving the identity of the firm and its employees, for example through temporary adjustments of working hours to prevent layoffs:

> *"We did the work were work needed to be done and the people went forth with us. In delivery, we did short-time work with the drivers through hourly adjustments."* (Interview 1)

"Of course, the family and management are trying to keep everything running as smoothly as possible, and the Clasen family is also trying to remain stable in terms of sales figures, so that there are no consequences for us employees, such as layoffs in the worst case." (Interview 2)

A huge emphasis was also put in finding ways out of imminent challenges by staying **solution-orientated** and to conduct adjustments where they are needed but also possible and realizable, in terms of cost-efficiency. In the following example, the production assistant and production manager highlight the risky but necessary switch from focus on the production of alcoholic beverages to grape juice, responding to a reduced purchasing power by offering an alternative that still covered costs and was feasible with existing means of production:

"We were facing problems linked to the economic crisis, because people were less able to afford to buy effervescents, so grape juice was a product that was a little more affordable, but which was still something festive and allowed people to enjoy themselves. I think that creating Raisinor in 1929 was already a solution for Bernard-Massard to ward off this crisis." (Interview 5)

"When nobody wanted wine anymore, they made grape juice, and it saved the company." (Interview 9)

Furthermore, **modernization** plays a significant role in the tackling of crises in family firm **internationalization**. The smaller size of a family firm and a potential lack of reserves for specific R&D investments, coupled with the loss-aversity of family owners-managers is rather opponent to frequent and often costly **modernization**. However, the interviews have shown that the firm in question puts a great emphasis on **modernization**. Though this entails certain risks, the conviction of the owner-manager family to break new ground is part of what makes up the identity of a family business, not only to gain a competitive advantage but also to anticipate certain problems and obstacles, such as a **machine breaking down**:

"To communicate, to modernize even in times of crises I think. You have to keep modernizing to be able to take the next step." (Interview 4)

"And then I think that was modernism, to be able to produce in larger quantities and domesticate the remuage and disgorging process, which saves a lot of time and increases productivity." (Interview 5)

“And on the contrary, thanks to our e-shop, we managed to keep selling during the lockdown, and our customers were still present and loyal.” (Interview 5)

“We have modernized everything within the last 10 to 15 years, to hear that a machine should break down... No, everything is new. (...) We were always modernizing, we always invested in new machinery. If you only have a look at the building itself, the seat of Bernard-Massard what the Clasen family is doing, they are maintaining everything, there is nothing old. (Interview 7)

Especially in the digital age, it is also helpful to gain experience and move with the times in order to continuously develop the business in terms of effectiveness and efficiency, for example with an increased online presence of the company and its products, for example via digital advertising but also through their own online store:

“I think we also realized such a good turnover because everybody was at home, we executed deliveries to the front door with the bill in the mailbox, and the people ordered through our E-Shop.” (Interview 7)

“But I think that these are the things where we maybe have improved our image in the last 2-3 years with our customers and yes, it’s an ongoing process but I think these were the things where one said: well, now we have the time to think things through on what could be do better, how can we modernize our company communication, how can we better communicate, also through digital channels.” (Interview 14)

Most interestingly, it can be said that crises also bring opportunities in such cases. Be it through even tighter cooperation and a better mutual understanding, but also the involuntary compulsion to break new ground in order to be better prepared for future challenges. In day-to-day business, you would probably not consider this, but in extraordinary situations you are forced to re-evaluate, according to the current general manager:

“It is actually crazy, from a psychological point of view, how a person’s character really shines through, not when everything is going well but rather when it is not. That is what crises are also there for, I am happy if there are none but sometimes they can be beneficial.” (Interview 14)

5.3. Strategic Decision-Making, Socioemotional Wealth and Human Capital

The final aggregate dimension that was drawn from the application of the Gioia methodology observes **strategic decision-making, SEW and human capital**. Here, I classified the 1st order codes into the 2nd order themes such as the **operational process** of the company, **human capital** (how big of a role does the "humane aspect" play in decision-making processes?)**, long-term and future orientation.**

5.3.1. Operational Process

From an economic standpoint, it seems evident that the goal of a company is to maximize profit and ensure continuous growth. This holds also true for family firms, with the exception that they will also try to ensure that certain values are upheld, and non-economic goals are followed even though this might lead to a slower, more conservative development of the business. For instance, this also affects **operational processes,** such as the development and launch of new products:

> *"We have now launched new products on the market to mark our 100th anniversary. Accordingly, we are also trying to position ourselves internationally."* (Interview 2)
>
> *"I have the impression that we're producing a lot more half-bottles. (...) this bottle format, when there are only two people for instance, we continue to offering delight, not necessarily waiting to have more guests to have a large bottle, perhaps."* (Interview 5)

One can observe that the purpose of producing specific products is for one surely driven by demand in the market, but also simply by the fact that consumers are enjoying a product. The company is also targeting consumers that prefer to spend more to receive a more exclusive product of superior quality. While this can also be attributed to the size – and thereby production volume – of a company, it appears to be a clearly thought-out strategy as indicated by the sales director:

> *"It is also evident that the size of the company plays a role regarding production, whether you are producing for the mass market, which you can sell for a couple of euros, for whom you are producing, is it mainly for big supermarkets or do you want to create a high-quality product."* (Interview 6)

Additionally, this exclusivity and closeness to the customer can be perceived throughout the company structure. For example, when visiting the seat of the company, I received a guided tour of the cellars and production, as well as the in-house vinotheque which sells in-house production and sourced wines. All these steps, from conceptualization and administrative work to production and even sales, take place mostly at the same location. This means that distances are short and strategic adjustments can be made quickly at certain points if necessary.

> *"(...) the production is also in-house, or some part of it is in-house, if you enter through the main entrance, you will also find a vinotheque where we sell directly. That means that we have everything concentrated in one site, we have our offices here, only the logistics department is in Potaschberg, which is about a two-minute drive with the car."* (Interview 6)

A further aspect to this in-house concentration is that Bernard-Massard is one of the few winemakers in Luxembourg who are not only producing, but also sourcing wines from other producers which are then being sold by Bernard-Massard. While these two sides of the business can be advantageous, it also means more workload spread out through the company and potentially additional risk when certain products are not available for sourcing:

> *"(...) you often have wineries in our structure now, (...) if they do everything like we do, then it has often been a bit more stressful, exhausting thing for the people who practically deal directly with the wine production. (...) I'd say it's a stressful time, but also an interesting time, you have to say that."* (Interview 12)

However, according to the sales director, this also creates a reliability and positive brand image with customers and further strengthens the companies unique-selling point, being one of the few winemakers successfully catering to these different channels:

> *"(...) another important aspect you might want to consider is that, on one hand, Bernard-Massard is a producer and on the other hand, we also purchase wines and sell them ourselves. Sell them exclusively."* (Interview 6)

5.3.2. Human Capital

Human capital and with it the importance of the employees to a functioning business, is evident. Employees are not only allowed but also encouraged to openly **voice their opinion** regarding decisions being made. This creates a unique atmosphere, allowing for personal growth, as the following responses confirm:

> *"It's also a strength to be able to have different opinions (...)"* (Interview 5)

"And that makes you grow as a person, so you're bound to be better." (Interview 9)

"I think it's a strength to be able to go naturally, to look everywhere and see everywhere, and because you have an open mind, you do things." (Interview 9)

"I guess it's human management. They are human, they have their faults, it's not, they don't just see the numbers." (Interview 9)

This open-mindedness and freedom in forming and expressing opinions also promotes a climate of exchange and shaping **new ideas**, which can also be implemented due to the close organizational structures and short distances. This way, employees can strengthen social capital and prove themselves as valuable and influential members of the company. However, this not only affects the employees but also the family management level, as the following example relating to the current general manager shows:

"(…) the past 10 years, since he became the front man, the only way has been up, he has great ideas. Where Mr. Clasen (Hubert Clasen) was a bit more, let's say 'dusty'. The only direction was straight ahead, there weren't many changes, the products always stayed the same. And then Antoine came, yeah, and he brought fresh and cool ideas." (Interview 7)

Furthermore, **human capital** is also appreciated on an employee level as the possibility to show emotions, to **have regular exchanges together**, such as weekly meetings that can strengthen the social bond with the company but also promote efficiency in day-to-day tasks:

"(…) you are much closer to those responsible for decision-making." (Interview 1)

"Even if you are not in a managing position, you are very close to leadership (…)" (Interview 1)

(…) we have our management meeting every Monday morning (…)" (Interview 6)

"I'm lucky enough to have a business, a real family business, one that they (the family) manage." (Interview 9)

"You don't only have your capital, but also something emotional which is a value that you are not necessarily facing in a different structure, where stakeholders, owners come and go, cessions are easier enforced." (Interview 10)

From company perspective, closely linked to **human capital** is the quality of recruitment and thereby the workforce itself. Human resources play a significant role in driving the company forwards, especially in a family firm. With a significant shortage of **skilled workers** and the need for an atmosphere of cohesion, family firms generally insist on ensuring both a business and culture fit. This is also reflected by the following statements of the administrative and financial director:

> *"This also explains why some people might stay a very long time, because a person should remain in equilibrium, but human resources are such an important factor that you might pay more attention to compared to another company."* (Interview 1)

> *"I always say that if you hire somebody you have to be able to offer them the job until retirement. If I were to recruit somebody and would have to tell them after 5 years, 'I'm sorry we made a mistake so there is less work to be done now', I would feel very sorry about that."* (Interview 1)

This response is especially interesting in that regard, as it not only highlights the importance of human resources but also the expectation of working in a family firm from both firm and employee perspective. Hence why people might tend to stay longer if expectations are met, from firm and employee perspective, in terms of the interpersonal relationship as well as in terms of assignments:

> "*(…) another vision again with the potential of recruiting new personnel. (…) no matter how modernized and autonomous everything runs with the computers. You always need people behind it to take care of the whole."* (Interview 3)

Expectations might not only include a high-skill level, but also an adequate financial compensation:

> *"The manager has to pay for a good employee because they are rare nowadays. And the good ones, try to keep them."* (Interview 7)

> *"(…) it is difficult to find good employees, regardless of the sector."* (Interview 7)

The following response is especially important from a development and production perspective, where hard skills and technical knowledge are crucial to realize specific projects:

"(…) people have to know exactly what they're doing. I can't just hire externally trained staff who then run along for half a year but don't have the background knowledge. (Interview 12)

5.3.3. Long-term and Future Orientation

The next theme examined is the **long-term and future orientation** of the family firm. What are the values aimed at being preserved through socioemotional wealth (SEW)? The 1st order codes that are observed here are the long-term **vision** for, as well as **continuity and stability** in the company. Additionally, I also identified the **value put into reputation and quality** as well as **experience** and the ability to be **flexible and reactive.**

The **vision**, exhibited by owner-manager family but carried throughout the business by its employees is crucial to a family firm. According to respondents, this **vision** started in earlier stages of the company:

"(…) it's true that we were very visionary at Bernard-Massard because, as early as the 1960s, we developed winery tours, and tourism was really avant-garde at Bernard-Massard." (Interview 5)

This is also reflected in the individuality of the employees and a value added as every person is able to bring something different to the table, to contribute to the company success and longevity. This **vision** also contributes to the concept of **continuity** but also adaptability in family businesses, particularly with regard to family succession and sustainable expansion of the business:

"(…) there are things that are, brought by everyone, and to have this different vision, because each person, comes with their own story and I find it has a lot of strength and positivity." (Interview 5)

"I think the advantage of a family firm is especially the continuity, that there really is the vision or will of continuity which is real." (Interview 10)

However, this can potentially pose as an additional risk to the strategy, as a **vision** can certainly stem from emotional attachment or with the motivation to pursue other non-economic objectives within the framework of **SEW**. The CEO of the company highlights the importance to be visionary (also in the long run), but also the need to evaluate whether certain ideas are feasible and if not, how to reassemble and adjust to potential challenges:

> *"(...) you have this long-term vision, whether it's right or wrong, you try to hang in there."* (Interview 10)

This vision is also underpinned by a presentable image that suggests reliability and **long-term** business acumen to both customers and business partners, as well as giving potential competitors an indication of the company's competitive strength through a strong outward appearance:

> *"That is also something that is valued within our history, with the seat of Bernard-Massard, to maintain a presantable image (...)"* (Interview 7)

> This is also revealed in the following interview excerpts, in answer to a follow-up question concerning value retention through strategy:

> *"**Q:** Does that mean that the Clasen family has positioned itself strategically in this way or the company is continued in such a way that the values really remain the same with the employees at the heart of the company and that quality be maintained?*

> ***A:** Exactly."* (Interview 2)

While this outward appearance is important, the focal point for the family firm is the **quality** of the goods and services offered, which can further set them apart from competition. If customers put a special emphasis on value for money, they might prefer high-**quality** products from a reputable producer. This **reputation** can certainly be achieved through professionalism such as experience through longevity of the business, with a family firm over 100 years old in this case:

> *"Well, our boss, he values quality. It is not always easy, nor cheap, but if you want something, you will get something decent. (...) Quality is very important here."* (Interview 8)

> *"I think, I would rather say it's about quality. We don't want them to say 'something special here...' but they also value quality, a reputable name. Reputation, quality, that's something where they say 'awesome'."* (Interview 8)

The advantages and need of **flexibility** in terms of decision-making, especially when facing unforeseen or yet unknown challenges or crises is crucial. As many decision-making processes are gathered at a single location, this enables the company to be quick and reactive:

> *"(...) to be able to react quickly and flexible. I think it is also much easier to have everything in one place, one site, as if you would have to manage five different locations, that's a clear advantage*. (Interview 6)

> *"This is the be-all and end-all. I think flexibility is a part of that. You already spoke to Gautier regarding the last investments made in labelling, to have as much flexibility as possible in labelling, we can label everything. Small series, large series, we can be really reactive there."* (Interview 10)

This also extends to the adaptation of products themselves. The ability to adapt production and even the products manufactured with relative **flexibility** in order to respond to specific trends and customer expectations. This is a clear internal competitive advantage due to the existing, strategically designed organizational structures:

> *"But there are also other cuvées that are similar here that but then, for example, are made in the dry area, are made in the semi-dry area and not in the Brut. We can be flexible in that respect."* (Interview 12)

> *"(...) we can react very quickly, we plan this into our production. We always make monthly plans, which are then adjusted within the weeks, but we are very quick to react, not only abroad, but also in Luxembourg."* (Interview 12)

Finally, the long-term **continuity** and **stability** of the company were greatly emphasized as unique characteristics acting as motivators over time in a family firm:

> *"I have to say, it is a company which is over 100 years old. (...) you will focus more on continuity, you have a perception of continuity for the firm. Well, every company might have that, but it is more profound in a family firm."* (Interview 10)

It is evident that the preservation of the company comes first, before the owner-manager family's own needs. This includes non-financial aspects through SEW, such as values and traditions, emotional attachment and maintaining stakeholder relationships for recognition of their importance to the business. For example, prioritizing the satisfaction and well-being of the employees:

> *"(...) how can I ensure a continuity in the family firm? This means that you might look less after yourselves but rather after the company, it is like a family. This is, well how*

to put it: if you are part of a family firm and you clock out, the business comes home with you. That is something which you don't have if you work at a bank for example. Sure, you will think about work, but it is a bank, it will still continue to exist if you don't go into work the next day. This is very different for us, for example when celebrating easter holiday, I will talk about the company and not about flowers. That is pretty specific I would say, and the application in a family firm is different, as you think more about it and also about the continuity of the company. (Interview 14)

6. Discussion

Through conducting semi-structured interviews as part of a single-firm case study, this thesis investigated how family firms internationalize when facing crises, and whether crises have an impact on internationalization strategy.

Initially, it is important to highlight the perceived **uniqueness of the family firm**, by having a **sense of belonging** and being part of an assemblage (Reuber, 2016) but also through **open communication and informal ties**, within and out of the company (for example when dealing with clients, suppliers etc.). This strengthens firm-specific **advantages,** such as being close to the owning-managing family and hence closer to **decision-making processes,** but also leads to workplace cohesion amongst non-family members. An example observed within the findings is the informal setting of social gatherings outside the workplace, like doing something together on weekends. The purposefulness of being together and bonding through mutual interests leads to an improved functioning as a team, as a unit, even though it is not happening in a work-related context (Henttonen, Johanson and Janhonen, 2014).

The sharing of knowledge here can result in a higher degree of innovation and efficiency to achieve financial goals (Hansen and Nohria, 2004) and simultaneous emulation of non-financial objectives (Gómez-Mejía et al., 2007). These advantages through innovation are also manifested in the internationalization process observed through the theoretical lens of assemblage theory, which indicates that innovation can be perceived as a proponent in terms of cooperation with foreign partners (Reuber, 2016). Existing literature has extensively analyzed the characteristics which make a family firm **unique**, such as their goals over time or the values being passed on through owning-managing families, both to their generational successors and to non-family members, namely employees (Debellis, Rondi, et al., 2021). In fact, it is the intertwinement of both the family and the business which is commonly acknowledged as one of the identifying factors of **family firm uniqueness** (Arregle et al., 2017). The results confirm this notion by highlighting the importance of **open communication** as well as the **advantages and disadvantages** in comparison versus non-family firms. While **advantages** are mainly attributed to factors such as solidarity, the ability to have short paths to form viable decisions and the sense of familiarity through stimuli beyond financial success (Gómez-Mejía et al., 2007; Berrone, Cruz and Gómez-Mejía, 2012), they also draw on the example of **trust** as one of the main motivators in comparison to non-family firms, internally and externally, to not only accomplish tasks but potentially exert additional effort, being **emotionally attached** to your employer (Reuber 2016). This also encompasses trust placed in the company by business partners, bolstered by long-running partnerships and the commitment of employees to the family business (Bundy et al., 2017; Eddleston et al., 2010; Reuber, 2016). The **disadvantages** of a family firms are connected to financial stability which, in the case of a family firm, might only be established over time compared to non-family firms with strong external investors (Eddleston et al., 2010). In addition, it might also be harder to receive governmental relief, depending on the sector in which the family firm operates and the degree of necessity of the product (e.g., luxury or commodity goods) (Kapferer and Laurent, 2016).

Secondly, **family firm internationalization** is a topic that has gained popularity among researchers in the past years. With Debellis, Rondi, et al. (2021) having compiled a systematic literature review on the topic, the results of this case study show examples that might be contradictory to former assumptions about family firm internationalization. For instance, it is suggested that family firms prefer internationalization in culturally close countries through **export** (Gómez-Mejía et al., 2010). Indeed, the firm relies upon the method of **export** (Debellis, Rondi, et al., 2021; Stoian, Dimitratos and Plakoyiannaki, 2018), but preferably avoids entering new markets seemingly too close to the country-of-origin. Presumably, this is to prevent a potential financial loss in entering markets that might be already oversaturated with local production by the competition. Therefore, one must also consider industry and market specifics as mentioned by Ramón-Llorens, García-Meca and Duréndez (2017), which potentially helps in bridging both geographic distance and cultural differences to avoid organizational destabilization through such (Reuber, 2016). Being inextricably linked to family ownership and control, a family firm needs to evaluate the potential risk of exporting, such as job guarantees to both family members but also employees, with due diligence. The effects on export performance must however also be considered what with the preservation of these factors (Pongelli et al., 2021).

What is also important is to evaluate potential market exits within FFI. Here, the company offers a good example of the process regarding international market exits (Reuber, 2016). The company retreated from the Russian market following the escalation of the Ukraine-Russia conflict, for one due to economic sanctions against the country imposed by the European Union but also because in accordance with the *"hybrid logic"* of family firms (Jaskiewicz et al., 2016; Reay, Jaskiewicz and Hinings, 2015b; Reuber, 2016), in this case the specific family firms' ethical beliefs.

Furthermore, this research aims at connecting **family firm internationalization** decisions with the encounter of crises as ***"triggers"*** and consequently **crisis management**. Hence, it is important to examine **crisis readiness.** In fact, family firms are prone to not only face one crisis at a time but to be confronted by several reciprocally amplifying factors (Carsrud, and Brännback, 2011). **Anticipation** of potentially challenging phases for the business might be one way, for example through stockpiling specific materials for production as enablement. However, as this is not exclusive for family firms, it might not present a valid short-term solution but rather a long-term strategy. Evidently, the family firm must be **solution orientated.** On one hand, this can be achieved through **anticipation**, but more importantly through **learnings and adaptations** made from past events. For example, the company was able to quickly adapt production in the aftermath of the 1929 financial crisis. When people were unable to buy alcoholic beverages due to financial constraints, they switched from wine and sparkling wine to grape juice as their main product. This requires organizational flexibility and potentially investments in R&D (Broekaert, Andries and Debackere, 2016). Hence, this exemplifies firstly, the encounter of a crisis (and the process destabilization) and secondly, the bouncing back (or re-stabilization) through the adaptation of existing organizational procedures (Reuber, 2016). This also expanded the assemblage, in this case by addressing a new target group (consumers of non-alcoholic beverages). Another way to anticipate might certainly be through **modernization** and thereby finding alternatives to current business processes. The example of Covid-19 at hand, the observed family firm invested heavily in marketing measures through digital channels, a novum for them. This way, they were able to reach customers more efficiently and staying visible even in times of crises. Additionally, it is important to openly communicate about a potential shortcoming due to a crisis or other challenges present. A scientific panel for SMEs (including family firms) in Germany has also highlighted the main challenges presented to SMEs according to their size. Here, the main challenges present would be shortage of skilled labor, the competitive pressure (especially through larger corporations) but also the topic of digitalization (Brink et al., 2022). Hence, a company might be able to **anticipate** a certain degree of crisis readiness, through **modernization**, such as new machinery and exploration of different ways of communication. In fact, the appropriate communication (Wendling, Radisch and Jacobzone, 2013) and preservation of a healthy relationship with both customers and suppliers are crucial in times of crises (Lee et al., 2021), especially with a high degree of internationalization and the goal of further expansion. This example also pays reference to the heterogeneity of the assemblage - in this case, how communication with relevant stakeholders is adapted in crisis situations, (Reuber, 2016) though not entirely confirming Banalieva and Eddleston's (2011) assumption of the necessity of non-family leadership to overcome market unfamiliarity through network advantages as family leadership tends to have weaker international and therefore stronger regional ties.

Lastly, this thesis examines **strategic decision-making, socioemotional wealth (SEW) and human capital.** A family firm is further characterized by its **long-term orientation** and emphasis put on the **preservation of SEW** non-financial values (Gómez-Mejía et al., 2007; Berrone, Cruz and Gómez-Mejía, 2012). According to Laffranchini, Hadjimarcou and Kim (2020) family firms such as the one examined will focus on the preservation of *"a positive family image and reputation among stakeholders, long-lasting relationships with nonfamily stakeholders.* In the context of this research, one might include also the employees of a family firm in this concept. With a continuous shortage of skilled labor presenting one of the biggest challenges for family SMEs (Brink et al., 2022), a special emphasis is put into the importance of **human resources** and recruitment processes as well as the **humane factor** in a family firm. Employees highly value the possibility of **voicing their opinion** and being close to the family leadership. This promotes personal growth and the potential creation of new ideas. The long-term orientation of a family firm is often innate through its vision regarding succession, pursuing a sustainable business strategy with the objective of handing over to future generations (Chua et al., 1999b; (Debellis, Rondi, et al., 2021). This entails a certain unique selling point for the firm, which can be achieved through **reputation** and **high-quality** product offerings (Eddleston et al., 2018; Laffranchini, Hadjimarcou and Kim, 2020), which allow a family firm to stand out, especially in foreign markets, as reliable partners during crises through retention of good

reputation and product **quality** (Banalieva and Dhanaraj, 2013; Deephouse and Jaskiewicz, 2013). Additionally, the need for **flexibility** can affect the **operational process**, such as the launch or development of new products. However, this can also be viewed positively, as a certain degree of **flexibility** and **reactivity** can counterbalance the lack of financial reserves for investments in R&D, as it will be possible to adapt particular aspects more quickly due to the smaller organizational structure (Miles et al., 2010). Effectively, the aforementioned measures such as anticipation of supply bottlenecks, modernization across both production and communication channels are only to some extent direct consequences of the encounter of crises. The given example of the family firm and its general internationalization strategy shows that flexibility, a family atmosphere within the family firm as well as its reputation for high-quality products are the core competencies for continuity of internationalization, even in the face of crises.

7. Contributions To Theory and Practice

The objective of this thesis was to answer the following research question: *"How do crises affect the internationalization process of family firms?"*.

Through the responses of fourteen interviewees of a Luxembourgish family firm, I have analyzed the perceived characteristics of uniqueness of a family firm, the importance of internationalization and crisis management as well as the consideration of socioemotional wealth and the human factor in strategic decision-making. Based on the results obtained, the advantages of the organizational structure of family firms were highlighted, such as the proximity to decision-makers, the feeling of belonging and togetherness both in- and outside of the work environment, leading to a high degree of identification not only with the firm but also the owner-manager family. Evidently, this emulation of owner-manager family values through non-family employees reinforces socioemotional wealth on employee level and adds validation to the reconceptualization of socioemotional wealth through extension (SEWe) by Laffranchini, Hadjimarcou and Kim (2020). By analyzing crisis management mechanisms and crisis readiness, the topic of recovery in the event of a turnaround is lightly touched upon here (Laffranchini, Hadjimarcou and Kim, 2020). This is also professed through export-based internationalization and the identification of crucial measures such as choosing the right communication and adaptation of such for the respective stakeholders, from employees through exporting partners and suppliers to the consumers. The case study further yielded insights as to *"how"* a family firm internationalizes rather than *"why"* (Reuber, 2016) through export and the required flexibility and reactivity when confronted with a crisis. This process-based view of internationalization includes the aspect of preparedness for unforeseen events, not only recognizing but also facing and recovering from these challenges, is in concordance with assemblage theory first applied to FFI research by Reuber (2016) and thus confirming the heterogeneity of family firm assemblages. The specific measures taken included a smooth and straightforward exchange with export handlers but also highlighted the importance of human capital that should be achieved through the recruitment of skilled, but also trustworthy personnel with the objective of high identification with the firms' values and non-economic goals. This further underlines the findings of Vandekerkhof et al. (2018), whereas the alignment on SEW objectives and psychological safety, not only within the top management team but the entire firm, is crucial. Confirming the importance of psychological safety through the results of this research, this holds true for both family and non-family members, to ensure effective and continuous development and thereby successful internationalization and crisis management processes. Regarding the findings of Reuber (2016) through assemblage theory in FFI, this case study confirms that *"routines associated with change per se may become stabilized in the family firm assemblage over time"* (Reuber, 2016). The examined family firm, having an inherently international character through home-country specifics has also strengthened its knowledge through continuous, adjusted internationalization operations when encountering crises. Thus, this research confirms assemblage theory assumptions while adding the specific destabilizing factor of crises. Additionally, it not only verifies the importance of SEW preservation but also the extension of the SEW model through incorporation of both family and non-family members expectations, which is already in practice in the family firm that has been analyzed.

8. Conclusion

By analyzing how a family firm in 5th generation of ownership and management has fortified its internationalization efforts while simultaneously encountering with numerous crises over the course of over 100 years. The research question was as follows: *"How do crises affect the internationalization process of family firms?"*

The case study was conducted with a family firm through semi-structured interviews across the entire breadth of the staff, including different hierarchical levels and duration of company affiliation. The thesis has shown the importance of long-term orientation, human capital in assemblage heterogeneity as well as exemplified de- and restabilization during crisis management processes in family firm internationalization. Thus, this research has contributed to existing, but not yet extensively researched theory of SEW extension and reconstruction as well as emphasizing the potential of assemblage theory regarding FFI and crisis readiness. To fortify the implications of the results, future research might be conducted on a multi-firm level across several countries for a more diverse understanding of family firm assemblages and destabilizing factors.

9. Limitations And Future Research

Due to the single-firm focus of the qualitative case study, a generalizability of the findings was not the target of this research. However, it is important to mention that the findings are not necessarily applicable to other family firms and especially other sectors. Given the unique firm and industry characteristics, additional research might be necessary to ensure better understandability and comparability of the findings with an observation of different family firms, how they internationalize and how the deal with crises through changes in within their assemblages. Additionally, it is important to be aware of potential bias due to researcher subjectivity in interpretation of interviewee responses and to mitigate such as best as possible.

Whereas the conduction of the interviews, from an organizational perspective as well as timely constraints, had the potential to prove an additional challenge, the flexibility and convenience of the examined family firm were mitigating factors. However, the unforeseen but inevitable rescheduling of the interviews due to force majeure caused a further extension of the time period originally allocated for conducting the interviews. As for the duration of the interviews themselves, a maximum time of 30 minutes per interview was set, with the maximum time extended to 60 minutes for interviews with the family member CEO and general manager. The maximum time allotted was not surpassed, but the duration varied strongly, from the shortest (9 minutes) to the longest (27 minutes). These outliers can only be avoided with difficulty within the given qualitative research using a single-firm case study and semi-structured interviews. Therefore, it might be advisable to extend the research, with necessary adaptations to the interviews, to include other family firms in different countries within the given industry. The observation on macro-level might mitigate contextual influence and yield more accurate results regarding the connectedness of family firm internationalization and crisis management. Hence, future research might also be able cover the topic of change management within family firms more extensively. This study also makes the case for a more established application of assemblage theory in family firm internationalization research, as it allows for a more differentiated viewpoint, especially through the consideration of destabilizing factors such as crises. Although an example was provided regarding international market exit of a family firm, this aspect should be examined further for a more thorough processual understanding, while also considering initial entry modes other than export. Additionally, the extension to the socioemotional wealth model (SEW) with respect to non-family firm stakeholder expectations is to be more thoroughly examined in future works.

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11. Appendix

1st Order Quotes

<u>Sense of belonging & togetherness</u>

- To trust
    - “(…) if you have a relationship that has lasted years and then a crisis might occur, the supplier will trust you, they will know that they are going to get paid such as the clients and employees trust since that is also exemplified, which helps during crises to say that we will manage together.” (Interview 1)
    - “If you find yourself in a real crisis, the people count upon you, they trust you and you are all of a sudden one that has to make the right calls during a crisis.” (Interview 14)
- To align with something
    - “We aligned ourselves to Bernard-Massards benefit.” (Interview 13)
- Working for the family
    - “It is more like working for the family or working in a larger group, closely dependent on your colleagues’ help. That is what we have done during the crisis.” (Interview 1)
    - “(..) in other companies (…) there you are never a part of the family or the club working together.” (Interview 1)
    - “(…) we've all been available and responsive in the sense that, after the Covid crisis, we knew there were going to be complicated months and we were all available. (…), and this solidarity and mutual support was really great” (Interview 5)
    - “Once a year, we have a staff dinner, at which Mr. Antoine Clasen gives an overview of the directives that are about to arrive, that were passed last year and this year, and of the projects. He gives an overview of the company's situation, but here, all the staff are together. I think that's nice too.” (Interview 11)
- Doing something together
    - “Here, we also meet up after work, on weekends, we see each other often and we do things.” (Interview 6)

- “The advantage of being a family business, with five generations already behind us. I think that in the ability to get together, to discuss things together. But the advantage is that we know the decisions fairly quickly.” (Interview 13)

<u>Advantages & Disadvantages of a family firm</u>

- Solidarity
    - “The advantages are that there's solidarity, because we know each other, we all know each other, precisely through these end-of-year staff meetings for these little attentions. We know each other (…)” (Interview 5)
    - “(…) we've all been available and responsive in the sense that, after the Covid crisis, we knew there were going to be complicated months and we were all available. (…), and this solidarity and mutual support was really great” (Interview 5)
- Looking after each other
    - “In a large corporation you're just a number. In a family business like this, you all know each other by first name and surname. You're not a neutron in the whole thing. And I think that's a big advantage if you just look after each other.” (Interview 2)
- To take something too seriously
    - “(…) within the management we are working closely together with the need of one anothers reassurance. That is something that one can take too seriously at times, trying to do too much to not disappoint anyone.” (Interview 1)
- To not be financially solid
    - “(…) a family business which might be much younger and perhaps less financially solid, it could be something more complicated.” (Interview 5)
- Lack of government support
    - “(…) disadvantages probably more likely with the lack of support from the government, because we do not really provide an essential commodity.” (Interview 11)
- To be by yourself
    - “Well, the disadvantage is that you are all by yourself. Maybe not entirely, but mostly.” (Interview 14)

Open Communication and Informal Ties

- To be active
    - "(…) our director has been active a lot in export. Canada, Finland, Japan, to keep the communication up, to keep things running. And here, in Luxembourg too I mean, we have to be visible." (Interview 3)
    - "In every communication with the carrier we also included the client to show them that we were being active (…)" (Interview 11)
- Close contact and good communication
    - "(…) our values include having good and frequent contact with our carrier (…)" (Interview 11)
    - "Thankfully, we were one of the first with the carriers that said "Well, Bernard-Massard needs them" and since we maintained a good relationship we overcame this together." (Interview 11)
    - "Just the relationship we then built with our customers helped immensely. Also with private customers (…)." (Interview 14)

Emotional attachment

- To feel motivated
    - "(…) you have to enjoy going to work. So you have to motivate your employees from time to time, because otherwise it is going to be difficult. Motivation is easy just by saying "you did well", that's something simple but worthwhile if you are being told that you did well." (Interview 7)
- To have a good team
    - "You have to have a good entourage of people giving you counsel, a good team that thinks along with you. I put it like that, in a company you need people who think along and ahead with you while doing their daily jobs, that is invaluable." (Interview 14)
- To feel proud
    - "Because actually, we make pretty good sparkling wine in Luxembourg." (Interview 7)
    - "We, our Crémant, did receive a gold medal, whereas a Champagne did not." (Interview 7)

Export & Internationalization

- Importance of export
    - "(…) the year of our centenary in 2021, last year, was a very, very good year for exports." (Interview 5)
    - "If we want to expand, let's say, or expand the portfolio, then it's in export with us. Different things are already being offered and tried, of course." (Interview 12)

- To export somewhere
    - "(…) here in Luxembourg, we have a lot of export, which is important for Bernard-Massard, like Canada, Finland... these are our main clients." (Interview 8)
    - "If we did not have Canada and Finland, let's say, we would have a problem. I think, more or less 65% of our production is going abroad, if we did not have that, that would be problematic." (Interview 8)
    - "I think export saves the day when I see what we're doing on the export front. When I see the quantity that goes out to Canada, Finland, etc., it's certain that if it had stayed, and on the Luxembourg and Belgian markets, we'd be there more, because I think there's a good half that goes outside the Benelux." (Interview 9)
    - "(…) we are already trying to establish a proper trade relationship in countries that are reliable partners, where it is possible to build up a proper trade relationship. That is now also the case with other countries, that you have set your sights on where you try to gain a foothold somewhere, to have a broader base, including exports." (Interview 12)
- Administration
    - "(…) there is only myself handling the whole administrative handling at the company (…)" (Interview 11)
    - "(…) as I was only the back-up for export processing and my colleague was to return from her maternity leave." (Interview 11)
- Culture
    - "Well, yes, yes, internationalization, but then, that's it, all of Luxembourg (…) It's a country where the inhabitants are culturally internationalized, and so is Bernard-Massard." (Interview 9)
- Functioning of markets

- “For one, you have to evaluate how the market functions. Some we might be able to export to, others are more special. That means that you are not simply going to export somewhere, there is also a lot happening in-between with customs.” (Interview 6)
- “(…) a market like China, which is really hard to enter because of the legal constraints. To export to other foreign countries, you often have to go through an importer, who will handle everything and facilitate things. This importer then has his own distribution to other parties, such as supermarkets, other distributers, small shops, gas stations or whatever. These are circumstances that are more unique compared to other domains.” (Interview 6)
- “(…) you have to evaluate which product suits which country and where to best place it.” (Interview 6)
- “Knowledgeably, there's no point. With the French market, they have so much wine, even on the Italian, Spanish market, they have so much wine that we'll never do anything.” (Interview 9)”
- “I’ll say our main business is méthode traditionelle, sparkling wine business, traditional bottle fermentation where we have different flavors, different cuvées that are then presented and then the market observed a bit, for example there are markets I say who prefer to drink something a little drier, the others drink something a little sweeter - they're already looking at what's in the market. Yes, if we do a store check we also see that and analyze the market a bit, so we can then act practically and adapt to it.” (Interview 12)

<u>Crisis Readiness, Learnings and Adaptations</u>

- Confrontation with a crisis
  - “(…) the first was in 1921. There you have to know that it was Mr. Jean Bernard who came to Grevenmacher with the idea to produce sparkling wine after the traditional method. That was a great idea, but he didn’t have a lot of money. And that is where the origin of the Clasen family starts and how they came on board. Back then, they had the money to support this know-how and only because of that the foundation of a company like Bernard-Massard was possible. That was the first crisis management in a sense because without this, Bernard-Massard would never have existed.” (Interview 6)

- “(…) during the Second World War, Grevenmacher was evacuated and the German soldiers had occupied the cellars and that there was a lot of damage after the war and everyone came back, all the employees came back to Bernard-Massard and helped to rebuild Bernard-Massard after the war.” (Interview 5)
- “I think the biggest crisis was really the Second World War. I don't think they saw it coming.” (Interview 9)
- “An internal crisis was the one afflicting quality (the wood preservative used in the warehouse extension), which nearly ruined us. In the aftermath, we reacted the strategy regarding quality was reinforced. But that was an internal crisis, just as crucial.” (Interview 10)

- History of the company
  - “(…) it was a small and young company that had to always question itself, reinvent itself to survive periods of being too close to going out of business.” (Interview 10)
- To change
  - “Well, that was a huge crisis where we had to completely reinvent ourselves and question the whole business model for growth, to receive supplies allowing and guaranteeing us to be able to export, to produce more wine but still at a high quality. This was a crisis where the entire company required a change of mind.” (Interview 14)
  - “That’s why, after WWII, this changed our strategy when my father rebuild everything here. The only thing that I can say as a consequence to WWII is that it created an economic boom in Europe, during the 30 years afterwards, where all the reconstructions and the rebuilding of Europe brought this growth for 30 years. That is a consequence but not a strategy where we did something strategically. The only thing that I can say is, even if not directly linked to crises, when I entered the business (…) I will just say what the strategy was when I entered, because during the 1970s and 1980s, we experienced the slowdown of the economic growth in Luxembourg, where we said: now we need to develop, to really get a foothold in our home country, and build something here in Luxembourg to generate revenue, to be visible and to expand.” (Interview 10)
- To be aware
  - “They wanted to use this initial court ruling also in Luxembourg, as well as in Canada and all of our other markets, which would have been catastrophic. Well,

lessons learned, a good thing that we were quick to react and we did handle this well, but you have to be aware of what the competition is doing yet remain gutsy." (Interview 14)

- (…) restaurants that don't necessarily have full cash register where everybody now wants their bills paid, they will end up bankrupt. And if you give them some breathing space, they might appreciate that. And this is effectively where we did two things, for one, we invited them to wine tastings as they never had the time, let's use this opportunity to make up for it. And there were many restaurants that did know us but imagined us saying: Bernard-Massard, well they are such a huge company, and all of that. But then they suddenly realized that we aren't such a huge company after all, that we are very close to both the vineyards and the people and not only do business to scale but also niche business. I think this was extremely helpful because looking at it today, we generate 30-40% more with the restauration business compared to pre COVID 19." (Interview 14)

- To face legal action
  - "(…) you are not allowed to legally register a color for protection, so we went ahead and did exactly that with some random blue color. Naturally, we received a trademark refusal. Afterwards we contacted their lawyer and told them that we found it remarkable that they were able to trademark a yellow color as we were not allowed to do so, and that we would challenge their trademark. It took two days after that and we had reached a mutual settlement." (Interview 14)
- To handle something
  - "How we handled it, and that it worked out fine was probably the biggest takeaway or lesson learned." (Interview 4)
- A recent example
  - "(…) a relatively recent example which is also in context of a crisis, that is Russia. With Russia, we had a relatively good market, we had good export going, and then there something happens like what is going on right now, and the entire market collapses. We are talking about dropping down to zero." (Interview 6)
  - "I have a recent example, we just lost clients, but this is due to the affair with Russia, there is no going in or out, it's just a blockage." (Interview 8)
  - "Right now everybody is streamlining their product range, everybody has the same problem that we have, just to illustrate, with glass. We are facing an

oligopoly, you find out that much is done in Ukraine... everything comes out of Ukraine right now, and due to the war the glass furnaces, which are huge devices, only one or two are kept open." (Interview 10)

- To anticipate something
    - "But what we try to do is always anticipate. In other words, when we order one piece, we immediately order another to make sure we have stocks in case of problems." (Interview 13)
    - "Even for empty bottles, we have to anticipate much more than before, because we're not alone on the market, there's a lot of demand." (Interview 13)
    - "Anticipation means ordering in principle a year in advance of production, you know what I mean." (Interview 13)
- To prepare for crises
    - "(…) a smaller, well organized enterprise will encounter a problem since they do not have this excess in staff they can't just let people go since they all add value." (Interview 1)
    - "(…) there were a couple of incidents within the family where one Mr. Clasen died very early, which meant that someone had to take over fairly quickly." (Interview 6)
- To face a risk
    - "(…) we received a letter from another big and well-known sparkling wine producer, insisting that we had one week to remove all our bottles with a yellow label from shelves, because it apparently was too similar to their own label." (Interview 14)
    - "The judge told us that they (the competitor) were granted legal ruling and we had one week to remove all of our bottles from the market because otherwise we would have had to pay a fine of 1000€ per bottle. Well, with 100k bottles times 1000€, we would have been bankrupt." (Interview 14)

In addition, they also had to establish a new strategy regarding quality control, which heightened both the pressure to achieve sales targets in order to make up for the revenue loss, but also to ensure customers and partners that the products were of the initially proclaimed quality:

"You did not only need to sell the product but you also had to convince people that the quality was good, you had to explain what had happened but also hope that some people might forget that there even was a problem and move forward. I think that this was really no mean feat to get through that." (Interview 14)

<u>Solution Orientation</u>

- To do something that is necessary
    - "(…) wood was used to build this warehouse, and it suddenly turned out that these wines and sparkling wines were all rejected at the testing center for a reason of taste. Then, of course, you had to dispose of practically everything, you had to buy new things, you tore down the entire extension - that was a dry spell of a few years. It wasn't easy to get through that." (Interview 12)
    - "Anyway, luckily we found out what the problem was, the wood from which the roof was made had been treated with a wood preservative containing Epichlorohydrin (…) When we finally discovered this, we had to tear down the entire structure and reconstruct anew, which meant that my father had to take up a loan and this ended up costing us one year in sales revenue." (Interview 14)
    - "We did the work were work needed to be done and the people went forth with us. In delivery, we did short-time work with the drivers through hourly adjustments." (Interview 1)
    - "With COVID, of course we also went there to protect people with short-time labor and still managed to get through the workload we had to do." (Interview 2)
    - "(…) we had to define how to organize the tastings so as to always remain within the sanitary conditions that were in place at the time of the various periods we went through during the COVID crisis." (Interview 5)
    - "It's true that we're all a bit afraid, saying: restaurants are closed, people aren't drinking at home anymore, so our sales are probably going to freeze up." (Interview 5)
    - "That means that the restaurants were closed, so naturally the focus shifted to supermarkets." (Interview 6)

- “Well, at the beginning of COVID 19 there was a massive uncertainty: sales decreased, all the restaurants were suddenly closed, supermarkets at the beginning also not doing so well and people might have been thinking about buying other things than wine. That was when we said to ourselves: look, this might be a crisis, but we will start communicating like crazy. (…) Let’s try to reach people.” (Interview 14)
- “And this is where I said: Alright, if the people have got the time, let’s approach them, let’s be less passive as we usually are, let’s actively engage more towards our customers. And that worked very well. (…) Well, restaurants are still closed, the owners never had the time to visit us, we decided to invite them all one by one to visit us and do two things with them: first, let’s tell them they don’t need to pay their bills now, everything invoiced and open. (Interview 14)

- To get back on track
  - “Of course, the family and management are trying to keep everything running as smoothly as possible, and the Clasen family is also trying to remain stable in terms of sales figures, so that there are no consequences for us employees, such as layoffs in the worst case.” (Interview 2)
- Trying to find alternatives
  - “(…) we are taking these measures to purchase as much material as possible, buy whatever we can get, so we stockpile. The problem is, even this tactic is not working anymore because we are being told ‘well, you bought one million bottles last year so you will receive one million bottles this year’. It’s not like you are able to get 1,2 million, no discussions there. And then you have a 20% price increase, and if you are not taking them, no problem, somebody else will. So, currently it is difficult to find alternatives.” (Interview 10)
- Saving the company
  - “We were facing problems linked to the economic crisis, because people were less able to afford to buy effervescents, so grape juice was a product that was a little more affordable, but which was still something festive and allowed people to enjoy themselves. I think that creating Raisinor in 1929 was already a solution for Bernard-Massard to ward off this crisis.” (Interview 5)
  - “When nobody wanted wine anymore, they made grape juice, and it saved the company.” (Interview 9)

- To modernize
    - “To communicate, to modernize even in times of crises I think. You have to keep modernizing to be able to take the next step.” (Interview 4)
    - “And then I think that was modernism, to be able to produce in larger quantities and domesticate the remuage and disgorging process, which saves a lot of time and increases productivity.” (Interview 5)
    - “And on the contrary, thanks to our e-shop, we managed to keep selling during the lockdown, and our customers were still present and loyal.” (Interview 5)
    - “We have modernized everything within the last 10 to 15 years, to hear that a machine should break down... No, everything is new. (…) We were always modernizing, we always invested in new machinery. If you only have a look at the building itself, the seat of Bernard-Massard what the Clasen family is doing, they are maintaining everything, there is nothing old. (Interview 7)
    - “I think we also realized such a good turnover because everybody was at home, we executed deliveries to the front door with the bill in the mailbox, and the people ordered through our E-Shop.” (Interview 7)
    - “But I think that these are the things where we maybe have improved our image in the last 2-3 years with our customers and yes, it’s an ongoing process but I think these were the things where one said: well, now we have the time to think things through on what could be do better, how can we modernize our company communication, how can we better communicate, also through digital channels.” (Interview 14)
- Cooperation with suppliers
    - “(…) with all other suppliers, whether it's labels, cartons or caps, there's a lot of competition. We now use two or three of them everywhere. (…) if something is lost somewhere and we can no longer produce, we can always switch to another supplier.” (Interview 12)

<u>Human Capital</u>

- To have different opinions
    - “It's also a strength to be able to have different opinions (…)” (Interview 5)
- Personal growth
    - “And that makes you grow as a person, so you're bound to be better.” (Interview 9)

- "I think it's a strength to be able to go naturally, to look everywhere and see everywhere, and because you have an open mind, you do things." (Interview 9)

- Having a humane aspect
  - "I guess it's human management. They are human, they have their faults, it's not, they don't just see the numbers." (Interview 9)
- Bringing new ideas
  - This open-mindedness and freedom in forming and expressing opinions also promotes a climate of exchange and shaping new ideas, which can also be implemented due to the close organizational structures and short distances. This way, employees can strengthen social capital and prove themselves as valuable and influential members of the company. However, this not only affects the employees but also the family management level, as the following example relating to the current general manager shows:
  - "(…) the past 10 years, since he became the front man, the only way has been up, he has great ideas. Where Mr. Clasen (Hubert Clasen) was a bit more, let's say 'dusty'. The only direction was straight ahead, there weren't many changes, the products always stayed the same. And then Antoine came, yeah, and he brought fresh and cool ideas." (Interview 7)
- Proximity to people
  - "(…) you are much closer to those responsible for decision-making." (Interview 1)
  - "Even if you are not in a managing position, you are very close to leadership (…)" (Interview 1)
  - "I'm lucky enough to have a business, a real family business, one that they (the family) manage." (Interview 9)
  - "You don't only have your capital, but also something emotional which is a value that you are not necessarily facing in a different structure, where stakeholders, owners come and go, cessions are easier enforced." (Interview 10)
- Having regular exchanges together
  - (…) we have our management meeting every Monday morning (…)" (Interview 6)
- Human resources
  - "This also explains why some people might stay a very long time, because a person should remain in equilibrium, but human resources are such an important

factor that you might pay more attention to compared to another company." (Interview 1)

- "I always say that if you hire somebody you have to be able to offer them the job until retirement. If I were to recruit somebody and would have to tell them after 5 years, 'I'm sorry we made a mistake so there is less work to be done now', I would feel very sorry about that." (Interview 1)
- "(…) another vision again with the potential of recruiting new personnel. (…) no matter how modernized and autonomous everything runs with the computers. You always need people behind it to take care of the whole." (Interview 3)

- To have good employees
    - "The manager has to pay for a good employee because they are rare nowadays. And the good ones, try to keep them." (Interview 7)
    - "(…) it is difficult to find good employees, regardless of the sector." (Interview 7)
    - "(…) people have to know exactly what they're doing. I can't just hire externally trained staff who then run along for half a year but don't have the background knowledge. (Interview 12)

<u>Operational process</u>

- Launching new products
    - "We have now launched new products on the market to mark our 100th anniversary. Accordingly, we are also trying to position ourselves internationally." (Interview 2)
- To produce, to make something
    - "I have the impression that we're producing a lot more half-bottles. (…) this bottle format, when there are only two people for instance, we continue to offering delight, not necessarily waiting to have more guests to have a large bottle, perhaps." (Interview 5)
    - "(…) the production is also in-house, or some part of it is in-house, if you enter through the main entrance, you will also find a vinotheque where we sell directly. That means that we have everything concentrated in one site, we have our offices here, only the logistics department is in Potaschberg, which is about a two-minute drive with the car." (Interview 6)

- “(…) you often have wineries in our structure now, (…) if they do everything like we do, then it has often been a bit more stressful, exhausting thing for the people who practically deal directly with the wine production. (…) I'd say it's a stressful time, but also an interesting time, you have to say that.” (Interview 12)

- To realize profits
  - “It is also evident that the size of the company plays a role regarding production, whether you are producing for the mass market, which you can sell for a couple of euros, for whom you are producing, is it mainly for big supermarkets or do you want to create a high-quality product.” (Interview 6)
  - “(…) another important aspect you might want to consider is that, on one hand, Bernard-Massard is a producer and on the other hand, we also purchase wines and sell them ourselves. Sell them exclusively.” (Interview 6)

<u>Long-term and Future Orientation</u>

- To have a vision
  - “(…) it's true that we were very visionary at Bernard-Massard because, as early as the 1960s, we developed winery tours, and tourism was really avant-garde at Bernard-Massard.” (Interview 5)
  - “(…) there are things that are, brought by everyone, and to have this different vision, because each person, comes with their own story and I find it has a lot of strength and positivity.” (Interview 5)
  - “(…) you have this long-term vision, whether it’s right or wrong, you try to hang in there.” (Interview 10)
- Continuity and stability of the company
  - “I think the advantage of a family firm is especially the continuity, that there really is the vision or will of continuity which is real.” (Interview 10)
  - “I have to say, it is a company which is over 100 years old. (…) you will focus more on continuity, you have a perception of continuity for the firm. Well, every company might have that, but it is more profound in a family firm.” (Interview 10)
  - “(…) how can I ensure a continuity in the family firm? This means that you might look less after yourselves but rather after the company, it is like a family. This is, well how to put it: if you are part of a family firm and you clock out, the business comes home with you. That is something which you don’t have if you

work at a bank for example. Sure, you will think about work, but it is a bank, it will still continue to exist if you don't go into work the next day. This is very different for us, for example when celebrating easter holiday, I will talk about the company and not about flowers. That is pretty specific I would say, and the application in a family firm is different, as you think more about it and also about the continuity of the company. (Interview 14)

- To value reputation and quality
    - "Q: Does that mean that the Clasen family has positioned itself strategically in this way or the company is continued in such a way that the values really remain the same with the employees at the heart of the company and that quality be maintained? A: Exactly." (Interview 2)
    - "Well, our boss, he values quality. It is not always easy, nor cheap, but if you want something, you will get something decent. (…) Quality is very important here." (Interview 8)
    - "I think, I would rather say it's about quality. We don't want them to say 'something special here...' but they also value quality, a reputable name. Reputation, quality, that's something where they say 'awesome'." (Interview 8)
- To be flexible and reactive
    - "(…) to be able to react quickly and flexible. I think it is also much easier to have everything in one place, one site, as if you would have to manage five different locations, that's a clear advantage. (Interview 6)
    - "This is the be-all and end-all. I think flexibility is a part of that. You already spoke to Gautier regarding the last investments made in labelling, to have as much flexibility as possible in labelling, we can label everything. Small series, large series, we can be really reactive there." (Interview 10)
    - "But there are also other cuvées that are similar here that but then, for example, are made in the dry area, are made in the semi-dry area and not in the Brut. We can be flexible in that respect." (Interview 12)
    - "(…) we can react very quickly, we plan this into our production. We always make monthly plans, which are then adjusted within the weeks, but we are very quick to react, not only abroad, but also in Luxembourg." (Interview 12)
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Zusammenfassung

Diese Masterarbeit untersucht den Internationalisierungsprozess eines Familienunternehmens in Krisenzeiten. Obwohl sich die existierende Fachliteratur, einschließlich der internationalen Unternehmens- und Familienunternehmensforschung, intensiv mit der Internationalisierung von Familienunternehmen befasst hat, fehlt es noch an Erkenntnissen über das Management von Krisen und deren Auswirkungen auf den Internationalisierungsprozess. Die vorliegende Arbeit untersucht ein Familienweingut in der fünften Generation mit Hilfe qualitativer Methoden, mittels Durchführung 14 semi-strukturierter Interviews. Die Ergebnisse bestätigen die Bedeutung des Ausbaus und der Rekonstruktion des sozio-emotionalen Reichtums, und somit der Berücksichtigung des Humankapitals (familienfremde und familienangehörige Personen), der Einzigartigkeit von Familienunternehmen durch ihre Organisationsstruktur sowie antizipierender Maßnahmen zur Sicherstellung der Reaktionsbereitschaft durch die Anwendung der Assemblage-Theorie.