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Internationalization of Family Firms: From Emerging to Developed Markets
Case study – The internationalization journey of an Egyptian family firm in the German home appliances sector

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Zusammenfassung (German abstract)

Diese Masterarbeit untersucht, wie sich der Internationalisierungsprozess in Deutschland für ein ägyptisches Familienunternehmen aus einem Schwellenland im Bereich Haushaltsgeräte gestaltet.

Der Eintritt in einen entwickelten und stark wettbewerbsorientierten Markt bringt sowohl Herausforderungen als auch Chancen mit sich. Die Studie beschreibt den Prozess wie das Unternehmen die einzelnen Schritte der Internationalisierung bewältigt. Die Arbeit beantwortet die Fragen, wie sich Familienunternehmen aus Schwellenländern an ein fortgeschrittenes Wirtschaftssystem anpassen und sich entsprechend positionieren können.

Es handelt sich um eine qualitative Fallstudie mit Fokus auf die Analyse von Daten, die durch halb-strukturierte Interviews mit Familienmitgliedern und externen Führungskräften gesammelt wurden. Die Masterarbeit schließt eine Forschungslücke im Bereich internationale Betriebswirtschaft und Familienunternehmen, da der Internationalisierungsprozess nordafrikanischer Familienunternehmen in entwickelten Ländern bisher wenig Beachtung fand.

Die Ergebnisse zeigen, dass traditionelle Werte und flexible strategische Ansätze gemeinsam die internationale Expansion unterstützen. Das untersuchte Unternehmen behandelt den deutschen Markt trotz seiner Bekanntheit in anderen Märkten wie ein Neuling, offen für Lernprozesse und ohne übermäßiges Selbstvertrauen. Es setzt auf generationsübergreifende Zusammenarbeit, enge Kooperation mit lokalen PartnerInnen, und Gelerntes aus früheren Erfahrungen. Dies hilft dem Unternehmen, erste Hürden zu überwinden. Die Kenntnis der Kunden über die Marke und die darauf abgestimmte Kommunikationsstrategie tragen als Faktor zur langfristigen Stärkung der Marktposition bei.

Abstract

This thesis investigates how an Egyptian family firm from an emerging economy navigates the process of internationalization in Germany within the electronics and home appliances sector. Entering a developed and highly competitive market introduces both challenges and opportunities. The study examines the main challenges and opportunities the firm encounters during the internationalization process. It raises questions about how such firms leverage their competitive advantages, adapt, learn, and strategically position themselves in different environments.

This is an in-depth qualitative case study supported by semi-structured interviews with both family and non-family managers. It addresses a gap in international business and family firm research, where attention to the internationalization of emerging economies' family enterprises across different regions remains limited. The findings suggest that a mix of traditional family-business values and adaptive strategic practices supports international expansion. The case study firm adopts a cautious entry strategy, treating the German market as a newcomer. It relies on generational collaboration and close cooperation with local partners and learning from early experiences to address early barriers. Furthermore, the study also points to the importance of understanding customer familiarity with the brand and adjusting communication approaches accordingly in response to the local market context.

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Glossary

CB: Certification Body

CSR: Corporate Social Responsibility

EEI: Electrical and Electronic Industries in the European Union

EMNEs: Emerging Market Multinational Enterprises

EFBGs: Emerging Family Business Groups

FDI: Foreign Direct Investment

IECEE: International Electrotechnical Commission for Electrical Equipment

MNEs : Multinational Enterprises

SEW: Socio-emotional Wealth

1. Introduction

Family-owned businesses represent the dominant form of business organization across the globe and they generate over 70% of the annual global GDP (Debellis et al., 2021). This results in them forming the backbone of many national economies and contributing significantly to employment and economic stability. The internationalization of family-owned multinational enterprises has gained increasing attention in international business research over time, as scholars seek to understand and examine their unique strategies abroad (J.-L. Arregle et al., 2024; Debellis et al., 2021; Luo & Tung, 2007; Sciascia et al., 2012). Investing abroad involves significant risks and uncertainty, requiring firms to calculate their potential outcomes precisely. For family firms, the challenges of internationalization are intensified by the mixed gamble perspective, where strategic decisions must navigate both economic considerations and their socio-emotional wealth factors (SEW) - non-financial aspects - that families value such as family control over the firm (Gomez-Mejia et al., 2018).

Studies on internationalization have largely focused on companies originating from developed economies, examining their motives of strategic decisions and the ways they adjust to achieve long-term investments (J. Dunning, 1988; Johanson & Vahlne, 1977). This results in leaving internationalization experiences of emerging economies' family firms underrepresented (Arikan & Shenkar, 2022). Emerging economies have enormously contributed to the world's GDP Growth and account for half of the global GDP in purchasing power (Cavusgil et al., 2020).

Emerging market multinational enterprises (EMNEs) have also become a significant and relevant topic in international business studies (Debellis et al., 2021). EMNEs from countries like China and India offer different models on how firms can benefit from domestic capabilities and competitive advantages to compete internationally. Cavusgil et al. (2020) note that many of the firms in emerging markets are family-owned or family-managed businesses. They further observe a significant shift in corporate ranking: while 52 companies from the U.S. and Japan dropped out of Forbes' Global 2000 largest companies, 63 companies from China were newly added, highlighting the growing presence and influence of EMNEs. Although family firms from emerging economies possess considerable potential, their international expansions in developed economies remain complex and underexplored (Arikan & Shenkar, 2022).

The heterogeneity of family firms from emerging markets highlights the need for further research and deeper insights in this field (J.-L. Arregle et al., 2021; Debellis et al., 2021). Each family firm operates within its unique internal and external institutional environment. As a result, their internationalization paths can differ significantly (Debellis et al., 2021). Understanding these diverse paths can empirically benefit not only firms from emerging markets but also those from advanced economies, because it enriches comparative knowledge and the learning for better strategic decisions. Examining this phenomenon can advance the field through testing and refining existing theories across different international contexts.

Considering the continuous shifting dynamics of the global economy and the rising influence of the emerging markets, this research addresses the question of 'How does the case study [Company Case X] Egyptian family company navigate the process of internationalization in Germany within the home appliances sector?'. The study delves into the challenges, adaptation strategies and the opportunities for the company under research. This is particularly relevant given the institutional distance between Egypt, as an emerging economy, and Germany, a highly developed and competitive industrial market. Egypt is classified as an emerging economy country based on the International Monetary Fund's classification (International Monetary Fund. Research Dept., 2025). The study aims to better understand how emerging economies' family firms balance SEW goals with strategic goals in cross-border expansions by combining SEW perspective and institutional theory.

In summary, understanding the internationalization of Egyptian family firms requires examining the interplay between socio-emotional wealth considerations and institutional pressures in both home and host countries. By focusing on a single case study, this research provides an in-depth examination of the critical role of both internal family-driven motives and external institutional contexts in shaping internationalization strategies.

The next chapter builds on this introduction by reviewing the current literature of socio-emotional wealth, institutional theory, and family firm internationalization. This provides theoretical foundations for analyzing the case and forming an empirical investigation.

2. Literature Review

2.1. Family Firms

Family firms are central to economic systems, not only by providing jobs and fostering innovation, but also by supporting economic stability worldwide. However, there remains a need for more academic work that aims to integrate family firms into the international business (IB) field. This helps to narrow the gap between theoretical conclusions and practical applications leading to a deeper understanding of the strategies adopted by family firms (J.-L. Arregle et al., 2024)

Studies indicate that family firms differ and have unique internationalization strategies. Unlike non-family enterprises, family firms often engage in complex dilemmas and must face a mixed gamble between economic and non-economic (socio-emotional) wealth factors when making decisions about market entry, location choice, and the extent of their international presence and investment (Debellis et al., 2024; Gomez–Mejia et al., 2014). Furthermore, family firms' studies document considerable variations among family businesses in terms of ownership level, governance structures, generational stage, degree of professionalization and family managerial involvement, and socio-emotional wealth priorities (Daspit et al., 2021; Debellis et al., 2023).

To better understand the theoretical pathways through which family firms from emerging economies engage in internationalization, it is essential to first examine the foundational concepts. The following section therefore begins by exploring how family firms are defined and what distinctive features differentiate them from other organizational forms.

2.1.1. Family Firm Definitions and Features

Family firms are commonly viewed through a behavioral lens, where the presence and active engagement of family members in ownership and managerial roles significantly shapes strategic choices and reflects the pursuit for succession across generations (Chua et al., 1999). From this behavioral perspective, a family business is characterized by the intentional and ongoing participation of family members in governance, operations, or management, motivated by the desire to prop family values, legacy, and non-economic goals in addition to financial objectives. This definition emphasizes the importance of family involvement as a core element that shapes firm priorities, culture, and long-term orientation.

Acknowledging the heterogeneity inherent among family firms provides various understanding into how different family firms approach internationalization efforts across diverse institutional contexts (Daspit et al., 2021). These insights are essential to explain the behavior of family firms and their strategic pathways into the international markets and their adaptation mechanisms to each market. Scholars have applied a range of theoretical frameworks to examine family businesses, such as internalization theory, institutional theory, the resource-based theory, and agency theory.

The next two sections delve into two theoretical lenses. SEW perspective explains the emotional motivations behind risk-taking behavior, while institutional theory focuses on external pressures and adaptation to new environments, and the challenges of navigating institutional contexts in their home and host countries.

2.1.2. Socio-emotional Wealth Perspective

The concept of socio-emotional wealth (SEW) has gained popularity and has emerged as a keystone in understanding how family firms approach strategic decisions in many studies. SEW perspective introduced by Gómez-Mejía et al. (2007), challenges the traditional belief that firms naturally make decisions based on profits. Instead, it argues that family firms make strategic decisions based on the desire to protect their SEW (non-economic goals). The general definition of SEW is the emotional and non-economic values that family owners attach to and drive from the firm and it goes beyond financial returns (Gómez-Mejía et al., 2007). These prioritize FIBER dimensions.

The **FIBER framework** proposes the following SEW dimensions (Berrone et al., 2012):

- **F** – Family control and influence: The family seeks to keep authority and impact over the business
- **I** – Identification of family members within the firm: The family strongly sees the business as part of its identity, and it is affected by the company’s reputation and success
- **B** – Binding social ties: There is an emphasis on maintaining trusting and strong relationships with stakeholders
- **E** – Emotional attachment: Family members’ decisions are shaped by deep emotional connections with the firm. This leads to decisions based more on feelings, not just logic
- **R** – Renewal of family chains and heritage via succession: There is a focus on ensuring continuity across generations

These dimensions reflect how deeply integrated family considerations can influence strategic choices such as international expansion, risk tolerance, or management of family firms. Because family members partially or fully own and control the firm, emotional and non-economic factors play an important role in the decision-making process in family firms.

SEW perspective has inspired widespread academic interest, providing a valuable lens for understanding family firm behavior. However, it has faced considerable criticism over time. Some scholars argue that SEW focuses too much on family interests at the expense of other stakeholders which overvalues the family involvement and effects (Newbert & Craig, 2017). Yet, family and stakeholders' interests can be either complementary or contradictory. Others have highlighted the challenges of measuring SEW dimensions, which complicates determining the connections between the causes and effects in a multifaceted phenomenon like the decision-making process in family firms (Miller & Le Breton–Miller, 2014a).

SEW perspective has also been criticized on the grounds that its elements may not be uniform across all family firms (Miller & Le Breton–Miller, 2014b). The importance assigned to the SEW elements can vary depending on national culture, institutional contexts, and the internal heterogeneity of the family itself (Davila et al., 2023).

This highlights the need to extend the theory. Gómez-Mejía et al. (2025) augment the FIBER framework by adding four features to measure the intensity of SEW:

- **Family versus business identity**, where a stronger family identity leads to less flexible, more rigid strategies
- **The effect of the founder to enhance traditional practices (imprinting effect)**, which limits openness to change
- **The generational stage of leadership**, where earlier generations typically favor stability and entity-based mindsets over innovation and incremental-based approaches
- **The influence of favorable path dependence**, where prior successful decisions reinforce inflexible rigid strategies

These updates provide clearer insights into how the strength of SEW elements influences family firms' risk-taking and decision-making in expansion internationally. While family firm characteristics are significant for understanding their specific internationalization decisions, both intra-organizational dynamics and exogenous environmental factors are also critical to consider. Consequently, integrating institutional theory is essential to account for how firms navigate and adapt to institutional pressures in both their home-country and host-country contexts. The next section provides insights about the development of the institutional theory mainly according to W. Richard Scott in his book Institutions and Organizations: Ideas, Interests, and Identities (2014).

2.2. Institutional Theory

Since the second half of the nineteenth century, institutional approaches have increasingly shaped research in economics, political science and sociology, and have developed into major analytical frameworks over time (Scott, 2014).

2.2.1. Formal and Informal Institutions

Many factors affect the success of a firm, such as the firm's resources, the ability to manage and invest in these resources, and the governmental, economic, legal and cultural environment under which the firm works and makes decisions (Bruton et al., 2010). Institutional theory, developed by North (1990) and further advanced by Scott (1995) provides a solid framework for examining how organizational behavior is influenced by formal structures (such as legal systems and regulations) and informal mechanisms (such as social norms, shared beliefs, and cultural expectations).

Scott (2014) identified three fundamental pillars that constitute institutional structures:

- **The regulative pillar:** focuses on formal rules, laws, and standards, mainly created by governments and industries. These rules guide organizations and entrepreneurs by setting clear expectations and enforcing compliance through monitoring and sanctions. Organizations tend to behave based on these rules (North, 1990).
- **The normative pillar:** refers to shared values and norms that define what is considered appropriate behavior in a specific business or society. This type of influence comes from social and professional expectations. Organizations tend to follow these because they feel a sense of duty to do what is seen as right or proper in society. Some cultures encourage entrepreneurship through supportive norms, while others unintentionally make it harder.
- **The cognitive pillar**: is about the shared beliefs, meanings, and cultural understandings that shape what people see as normal or natural in society. These influences are often so deeply rooted that people follow them without thinking, functioning like implicit knowledge.

According to Soleimanof et al. (2018), family firms engage in a two-way, co-evolutionary relationship with institutions. Family businesses not only adapt to institutional pressures but also help shape the institutional landscape, especially in regions where institutions are evolving. Additionally, the concept of bricolage highlights how firms creatively utilize available resources and networks they have already established. Firms combine and recombine these elements to address institutional constraints, and this approach has been linked to the way family firms achieve strategic flexibility under complex circumstances (Chang et al., 2024; Fathallah & Carney, 2024).

A main concern of institutional theory is how organizations respond to institutional voids, gaps where market-supporting formal institutions are weak or absent, or to institutional complexity, where conflicting rules and norms create ambiguity for firms. The distinction between formal (de jure) institutions and informal (de facto) institutions has been critically discussed in recent literature. For instance, Jaskiewicz et al. (2021) urge greater attention to how actual practices and informal norms affect different family firm behavior and performance beyond what law and formal rules prescribe across countries. These insights are particularly relevant to this case study. To fully understand the dynamics of this case, the next section explains what literature reveals about the institutional context of those emerging economies.

2.2.2. Institutional Context in Emerging Economies

Emerging economies present a distinctive institutional setting that amplifies the relevance of institutional theory for understanding family firm internationalization. As illustrated in **Figure 1,** these economies are characterized by rapid economic growth, active government intervention to promote economic liberalization, and transitions from centrally planned systems to more liberal market-oriented structures (Arnold & Quelch, 1998; Saccone, 2017). Cavusgil et al. (2020) define emerging economies as lower-income nations that experience rapid industrialization and modernization, positioning them as increasingly influential drivers of the global economy. The authors further argue that EMNEs - referred to as ‘new global challengers’- benefit from their local home-country competitive advantages, like low cost of labor, abundant natural resources, and strategic geographical advantage, to strengthen their competitiveness internationally. Over time, MNEs from developed countries have invested heavily in the manufacturing sector in emerging economies due to the reasons mentioned previously, creating an environment in which local firms in emerging economies are exposed to global competition and gain a more skilled workforce in their domestic industries.

Cavusgil et al. (2020) highlight that conducting business in emerging economies includes a variety of challenges. Many of these markets are characterized by complex bureaucratic hurdles, unreliable information, limited transparency and high costs of market research. Furthermore, the unstable political conditions often add another layer of uncertainty. Consequently, MNEs from developed countries seeking to invest in these markets frequently find that strategic alliances with local firms are an effective approach. Such partnerships not only help MNEs navigate legitimacy as well as regulatory and normative institutional

complexities but also provide valuable insights and experiences to the local firms there.
This context creates unique challenges and opportunities for EMNEs as they deal with competition and navigate both formal institutional reforms and the persistence of informal norms and practices.

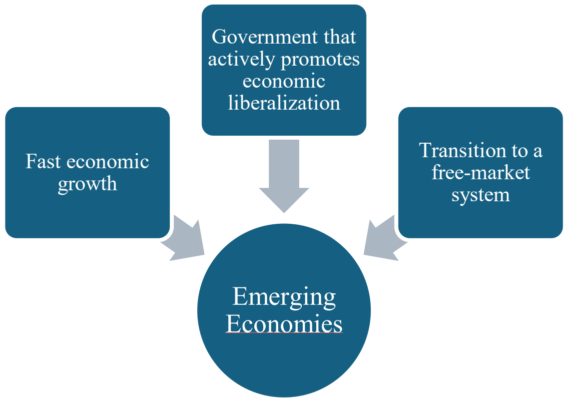

Figure 1: (Arnold & Quelch, 1998; Saccone, 2017)

Khanna & Palepu (1997) note that companies in emerging markets face institutional voids, where legal protections, regulatory systems, and market-supporting institutions may be challenging or inconsistent. Consequently, firms operating in emerging markets must manage institutional voids. Additionally, institutional complexity arises from overlapping formal rules and informal expectations, making strategic decision-making more challenging. In these environments, family firms may rely on their social networks, cultural embeddedness, and informal ties. These elements help firms build legitimacy, expand the business and secure resources that might otherwise be unavailable through formal channels (Miller et al., 2009).

2.2.3. Institutional Contexts and Theoretical Perspectives of Internationalization

Firms expanding from emerging economies are deeply shaped by the institutional environments in which they operate and seek to enter. Prior research has shown how these heterogenous institutional contexts influence firms’ strategies, behaviors, and the entry modes.
The Uppsala model proposes that firms tend to enter foreign markets in a cautious, step-by-step manner, gradually building knowledge and experiences, which helps the firms to manage uncertainty over time (Johanson & Vahlne, 1977). In contrast, the Eclectic paradigm (OLI framework) proposes that ownership, location, and internalization advantages shape foreign market entry decisions (J. Dunning, 1988; J. H. Dunning, 2001). Rather than expanding slowly, the Springboard view suggests that EMNEs pursue rapid international expansions to access advanced capabilities, fight back global competitors, and compensate their disadvantages as

latecomers into global markets (Luo & Tung, 2007). Furthermore, SEW considerations intersect with institutional contexts, as family firms aim to protect their identity, reputation, and long-term control while navigating these complex environments. The next section presents the dynamic interplay between SEW priorities and institutional adaptation which is crucial for understanding family firm strategies in emerging economies.

2.2.4. Family Firms' Internationalization Motives

Family-owned businesses introduce different motives of internationalization. Carney (2007) emphasizes that minority family businesses in emerging economies function not only as wealth creation organizations but also as wealth-preservation vehicles. Operating within unpredictable and risky institutional environments, these firms lack access to the transparent, formal channels available in developed economies. As a result, they often rely on informal and less visible means to protect and pass on wealth across generations and borders, ensuring long-term family security despite uncertainties.

Using evidence from four Lebanese family firms, a study by Fathallah & Carney (2024) documents that family firms operating in challenging institutional environments rely on international networks and institutional arbitrage practices to strengthen their capabilities and, in some cases, gain financial returns back in their home country.

2.2.5. Governance and Family Firms' Challenges in Targeting Foreign Markets

Chung et al. (2021) show that emerging family business groups (EFBGs) often respond to regulative and cognitive institutional distance by assigning trusted family managers to lead their foreign subsidiaries, utilizing familial control to navigate legal and explicit knowledge-related gaps. However, they also show that this strategy is less effective when EFBGs face normative institutional distance, which reflects differences in societal values, cultural norms, and behavioral expectations. In such contexts, EFBGs often adopt locally sensitive approaches, such as integrating local managers or forming culturally adaptive governance structures, to align with host-country informal expectations. Their study is based on five-year panel data on Taiwanese EFBGs, highlighting the varying strategic responses based on the nature of institutional distance.

Calabrò et al. (2024) analyze a large sample of 7,297 acquisitions, of which 3,180 cross-border deals. The study examines both family firms and non-family firms headquartered in thirty European countries, with targets located in sixty-five different countries during the 2007-2015 period. The authors find that family firms tend to acquire targets in geographically closer markets in case of minority-owned family firms, unlike majority-owned family firms. They further show that family firms performing below their aspirations tend to acquire more geographically distant targets compared to other family firms with above-aspiration performance. Moreover, the authors document that family firms face distinct liabilities of foreignness, which lead them to prefer targets from closer markets compared to non-family firms. However, the study primarily focuses on geographical distance and overlooks other important aspects of cross-border acquisitions such as business relatedness, and cross-countries' trade agreements.

The internationalization of family firms has increasingly attracted scholarly attention over the years, reflecting the growing acknowledgment of their unique characteristics and various aspects in global expansion. The next section examines the evolution of research on family business internationalization and how perspectives have changed over time.

2.3. The Evolution of Family Firm Internationalization Literature

As the field of family firm internationalization has developed over thirty years, researchers have adopted different theoretical lenses, offering deeper perspectives on how family involvement shapes international strategies (Plakoyiannaki et al., 2025). Debellis et al. (2021) illustrate a comprehensive overview by categorizing and analyzing four distinct waves of family firm internationalization literature. Their analysis highlights how academic literature has evolved from early-stage explorations - focused mainly on SMEs and distinctions between family and non-family firms toward deeper understanding of family firm internationalization. Over time, studies have heavily examined large family enterprises and their strategies for entering diverse international markets, including emerging markets. The authors also highlight several milestones, such as the shift in the second wave (2008-2015) toward recognizing and more understanding of the heterogeneity of family firms' behaviors and the shift in the third wave (2014-declining) toward exploring different entry modes beyond exporting.

While the waves framework is useful in mapping the development of the field, it is important to acknowledge that family firm internationalization is a very complex phenomenon. As such, some studies may not fit entirely into a single wave. This overlap reflects the richness of the topic but also points to the call for more research and flexible frameworks that better capture such complexity (Debellis et al., 2021).

2.3.1. Family Ownership and Internationalization

Zahra's (2003) study states that family-related aspects, such as the involvement of family members in the management, can influence the internationalization process of family firms. Through a study of 409 U.S. manufacturing firms using stewardship perspective, the author emphasizes that family involvement in management has positive impact on the internationalization process.

Sciascia et al. (2012) suggests that the relationship between the levels of family ownership and international entrepreneurship activities is non-linear. This means that moderate levels of family ownerships can encourage international expansion the most, while very high ownership levels might limit it. Debellis et al. (2023) extend Sciascia et al.'s (2012) study by using a more diversified sample instead of focusing on U.S. family firms. They show that the involvement of family members in the board of directors has an influential effect on internationalization decisions more than just owning the firm.

J. Arregle et al. (2017) reveal the complexity of how family firms, and their governance and internationalization are defined across literature. They show the effect of formal institutions, such as protecting minority shareholders, and informal institutions, such as the home country trust aspect, on family firm internationalization decisions. The authors introduce the role of family control and its influence on internationalization strategies. They argue that the high existence of family ownership and management tend to decrease internationalization scope in comparison to other firms.

J.-L. Arregle et al. (2019) emphasize more the family dynamics and its influence in shaping internationalization strategies. Grounded in the work of the social anthropologist Emmanuel Todd (Todd et al., 1989), the authors explore three main types of family relationships. These relationships influence how family members perceive equality, authority, and belonging which in return affect decision-making processes within the firm. The first type of family relationship is the vertical relationship between parents and their children, which shapes attitudes towards authority and individualistic values. The second is the horizontal relationship among siblings, which shapes attitudes towards equality. The third type focuses on the marriage patterns and whether these relationships are exogenous or endogenous, meaning outside or inside the family, shaping belongingness. The authors identify seven family structures and present a framework that explains the degree of bifurcation bias and the importance of safeguarding associated with each family structure. While these family structure elements add valuable insights, they should be regarded as complementary factors rather than the sole drivers of family firms' internationalization strategies.

2.3.2. Enhancing Rigors of Family Firms' Internationalization Research

Arregle et al. (2024) provide three rigors to enhance research in family firms´ internationalization.

a. Theoretical rigor: Encouraging researchers to use international business (IB) theories to apply multi-theoretical approaches and conducting cross-disciplinary methods across different fields to overcome disciplinary silos.
b. Methodological rigor: Refining how family firms are conceptualized and operationalized to move beyond simple comparisons between family and non-family firms, examining under-researched areas and using sophisticated empirical methods.
c. Managerial relevance: With ongoing global challenges, family firms - due to their unique features - may react differently compared to non-family firms. Recognizing their diversity is critical for understanding their varied responses and attempting to simulate reality. This enriches the academic field and provides managers with insights into significant practical implications.

3. Methodology

3.1. Qualitative Research - Case Study Approach

This study adopts a qualitative, single-firm case study approach to explore the intersections between international and family business and identify approaches that enhance understanding of potential causal drivers and contextual factors influencing international expansion. Drawing upon the research by Welch et al. (2011), which emphasizes the importance of diversifying theorizing practices beyond inductive theory-building, this study seeks to incorporate multiple perspectives on causality and context. This approach aims to deepen insights into the complexities and dynamics of family firm internationalization, as a multi-faceted area of study, across different economic contexts (Debellis et al., 2021).

A single-firm case study approach is adopted, allowing the present complex phenomenon to be examined through real-world case and context, making it well-suited to answering a “How” research question (Yin, 2018). Furthermore, this approach allows for the exploration of data from multiple angles, by using diverse sources, such as interviews or company documents (Yin, 2018).

3.2. Data Sources

Following Yin's (2018) recommendation to use multiple sources of evidence, this study complemented the interviews with a thorough analysis of secondary materials, including the company’s website, official documents, media reports, and the founder’s biography, to provide a richer and more triangulated understanding of the research subject.

To ensure partial confidentiality, all company, participant, and brand names have been anonymized (Gioia et al., 2013). The following section presents a concise introduction to the family firm case study, with the data fully anonymized to allow for safe and open analysis.

3.2.1. The Family Firm

This study examines [Company Case X], a third-generation family firm founded in the 1960s in Cairo, Egypt, by three brothers. From its modest beginnings as a small stationery shop in downtown Cairo, the company has evolved into a leading regional player mainly in the electronics and home appliances sector. The firm is 100% family-owned, with several family members actively involved in management. To maintain professional operations while preserving family control, the company separates ownership from management through a strict governance system and has established a family council to discuss matters related to the family and its involvement in the business. Over the years, it has developed and maintained strong strategic partnerships with international firms from Japan and Italy, securing exclusive rights to distribute and manufacture [Partner Company Y] products in Egypt. Today, the company is recognized as one of the Top 100 Arab Family Businesses in 2025 (Waqar Mughal, 2025).

Based on information from [Company Case X]'s official website and company documentation, the group operates through sixteen subsidiaries spanning trading, industrial, medical, and service sectors. Its brand portfolio includes eighteen international brands - including its own brand, [Brand X] and twenty-six product categories with more than 4,000 variations of consumer electronics and home appliances. Domestically, [Company Case X] maintains a vast distribution network of over 3,000 authorized distributors, twenty branded stores, thirty-eight industrial facilities, and 600 after-sales service centers, positioning it as a trusted market leader. The company's strategy emphasizes trust, innovation, and social responsibility, supported by investments in education, healthcare, and sustainable development through diverse social initiatives.

3.2.2. International Presence

[Company Case X] manages a diversified portfolio of international brands and reports an annual turnover of approximately USD two billion. The firm employs over 45,000 people and exports to more than sixty countries across Africa, the Middle East, and Europe. This case study is particularly relevant as the company originated and remains headquartered in Egypt - an emerging economy, while recently expanding into Germany - a developed economy ("Classification of Economies in the World Economic Outlook (WEO)," 2025). Since 2024, the company has established foreign direct investment (FDI) operations in Germany through the acquisition of a local firm, marking a new stage in its international growth. The case provides valuable insights into the firm's evolution, highlighting its strong presence across Africa and the Gulf region and its recent strategic expansion into advanced European markets.

3.2.3. Industry Specific Information

The global home appliances industry was valued at USD 717.62 billion in 2024 and is expected to grow to USD 1,165.70 billion by 2032, with a CAGR (Compound Annual Growth Rate) of 6.39% (*Home Appliances Market Size, Share, Growth, Forecast [2032]*, 2025). This huge growth is caused by rising disposable incomes, urbanization, and increasing demand for energy-efficient and smart technologies. While traditional major appliances such as refrigerators, washing machines, and air conditioners continue to dominate, there is a fast-growing interest in connected and multifunctional devices that cope up with changing consumer lifestyles (*Home Appliances Market Size, Share, Growth, Forecast [2032]*, 2025).

Within this global landscape, Germany is one of the most significant developed markets. With a population count of approximately 83,6 million in 2024 - of which around 24,5% of individuals fall within the 20 to 40 age group-, the country represents a large potential consumer base (*Germany Household Appliances Market (2025 - 2030)*, 2025). The German household appliances market size was valued at USD 23.60 billion in 2024 and is expected to grow at a CAGR of 3.2% from 2025 to 2030 (*Germany Household Appliances Market (2025 - 2030)*, 2025). For companies from emerging economies, the industry shows both opportunities and challenges: international expansion enables access to developed markets with advanced technology, strong currencies and higher purchasing power but also requires competing with well-established global players including Samsung Electronics, Whirlpool Corporation, Haier, etc. and adapting to stricter and various standards. This dynamic makes the industrial sector especially relevant for studying family firms expanding from emerging to developed economies.

3.3. Data Collection

Qualitative interviews provide researchers with the opportunity to explore and collect participants' views in depth, allowing for multiple viewpoints on a specific topic to emerge. Through the interactive and communicative nature of the interview process, personal experiences and real-life stories can be shared, which help illuminate the complexity of the phenomenon under study, by revealing not only the opportunities involved but also the challenges participants encounter in practice (Kvale & Brinkmann, 2009).

For the purpose of this study, eight in-depth individual interviews have been conducted in the participant's preferred language. The participants were given the option to choose between Arabic, and English. Six interviews were conducted in Arabic, while two interviews were conducted in English, mostly matching the participants' native languages. However, many participants frequently integrated English terminologies while speaking in Arabic. The interviews were conducted over an approximate four-week schedule. All interviews were conducted online via Zoom, using the Vienna University account to ensure unlimited recording time. Interview durations ranged from 26 minutes and 25 seconds (Participant 6) to 56 minutes and 31 seconds (Participant 8). Since participants were based in Egypt, Germany, and the United Arab Emirates, it was essential to account for time zone differences when scheduling the meeting for each interview. The participants have long-standing experience within [Company Case X], with length of service inside the company ranging from twelve years (Participant 1) to thirty-three years (Participant 5). They represent various key departments, including regional leadership, international business, and logistics management, providing perspectives shaped by both their roles and years of service. The interviews were conducted with both family and non-family members working across different departments of the company and in various country contexts to capture multiple perspectives, and more comprehensive understanding of the phenomenon under study. An interview guide was developed that included a set of standardized questions, which focused on participants' backgrounds as well as differences in operations and challenges across contexts and countries. These were posed to all participants, while additional targeted questions were tailored specifically for family and non-family members. Further questions were introduced during the interviews when appropriate, enabling a deeper exploration of the phenomenon.

Table 1 highlights the interviewees' current positions in the firm, the date, duration, location, language, and the number of transcribed pages of their interview.

Table 1: Interviews' details

Interview number	**Position of the respondent in the company**	**Date of the interview**	**Interview duration (minutes)**	**Location of interview**	**Original language**	**Number of pages of transcript**
1.	Marketing/Brand Management Executive	01.08.2025	30:43	Online, Zoom	Arabic	16
2.	Operations/Logistics Manager	05.08.2025	36:14	Online, Zoom	Arabic	14
3.	Regional Senior Manager	09.08.2025	37:43	Online, Zoom	Arabic	22
4.	Country/Regional Office Manager 1	11.08.2025	30:07	Online, Zoom	Arabic	17
5.	International Business Manager	24.08.2025	41:51	Online, Zoom	Arabic	17
6.	Country/Regional Office Manager 2	03.09.2025	26:25	Online, Zoom	English	12
7.	Country/Regional Office Manager 3	04.09.2025	39:00	Online, Zoom	English	21
8.	Customer Service (CS) Director	07.09.2025	56:31	Online, Zoom	Arabic	23

3.4. Data Translating and Processing

The translation process is a crucial step in any cross-language, cross-country international business (IB) research, as it forms the foundation for both the research itself and the subsequent data analysis (Chidlow et al., 2014). Ensuring that the contextual nuances of the original language are preserved, rather than focusing solely on conceptual equivalence, is vital for capturing the full depth of insights (Welch et al., 2022). The back-translation method was employed with the assistance of two translation websites, followed by manual revision and correction by the researcher. This approach ensured that the translated texts remained contextually consistent with the original language texts.

For the analysis of qualitative interview data, this study employs the systematic inductive approach developed by Gioia et al. (2013). This method provides a rigorous and clear framework for transforming participants' narratives into meaningful theoretical insights. Following the Gioia approach, the analysis begins with first-order concepts, which capture participants' own words and perspectives. These are then combined into second-order themes that reflect the researcher's interpretation of patterns and relationships within the data. Optionally, these can be further refined into aggregated dimensions that represent broad phenomena. This method is particularly suitable for exploring complex organizational dynamics in family businesses, as it balances accuracy to participants' voices with analytical abstraction (Gioia et al., 2013). In this study, four key themes will be explained in detail in the below chapter of findings - *Strategic Pathways and Market Expansion; Family Governance, Trust, and Socio-emotional Wealth; Challenges, Institutional Adaptation, and Learning; and Opportunities and Generational Renewal*. These function as second-order themes (theory centric), with representative quotations used to illustrate the underlying first-order concepts (informant-centric) according to the Gioia framework.

4. Findings

This chapter presents the empirical findings from eight semi-structured interviews with family and non-family executives at [Company Case X]. The purpose of the study is to examine how a large Egyptian family firm in the electronics and home appliances sector has expanded from emerging markets into developed economies, including Germany. The findings were analyzed using the systematic inductive approach of Gioia et al. (2013), progressing from participants' first-order concepts and phrases to second-order themes and central categories.

The findings reveal that the firm's internationalization is shaped by the interplay between socio-emotional wealth (SEW) motives and institutional adaptation needs, resulting in a mixed-mode approach that balances family values, professionalization, and entrepreneurial innovation. All eight participants emphasized that [Company Case X] is a family-owned firm characterized by strong business orientation and professional management practices.

> *"Yes, of course, I consider [Company Case X] as a family firm" (P7)*

> *"[Company Case X] is a family company, but with more of a business aspect." (P8)*

> *"Though it's a family business, but because of the way they have managed, the way the HR is managing the entire structure of the company, it is near to any professional company… So, the key decisions always come from the board, and the board has many non-family members… it's very near to any big organization." (P6)*

The following sections present empirical insights that emerged from the data analysis, structured around four major second-order themes. Each theme reflects a key dimension of [Company Case X]'s internationalization journey, moving from strategic pathways to the underlying family governance mechanisms, institutional challenges, and finally, organizational learning and generational renewal.

4.1. Strategic Pathways and Market Expansion

Participants consistently described a progression from export activity toward a structured, learning-oriented internationalization. In the early stages, the firm focused primarily on the domestic Egyptian market, later expanding into neighboring Arab and African markets. Over time, with the help of the second generation, operations were formalized through the establishment of an international business division. This division reflects a transition from informal, family-led decision-making to more professional global management. As participants explained:

> *"I took over the division that was then called export, with the aim of transforming it from export to international business." (P5)*

> *"The last generation didn't have that at all. It was all about the local market, but the focus was on the local and domestic market because we didn't have the threats that exist now. So, when we found that competitors are entering the markets and that the economic situation was changing in Egypt and that the way companies think or expand was changing, and the companies, the giant Chinese companies and the giant Korean companies, started expanding out of their boarders. Most of the companies started to go out to other countries. Well, why did I lock myself in here? The second generation of [Company Case X] … thought that we also need to keep up with development and go out and work abroad. The way of working abroad and the new technology is supported by the third generation of [Company Case X]." (P8)*

> *"In the first generation, may God have mercy on them, the main goal for them was for us to work in Egypt, open homes in Egypt, open factories, open shops, and grow our business in Egypt, our homeland, our families. Even geographically, our factories and everything until over the past five years have been close to the family's hometown, so we can benefit our people…Therefore, international expansion may have taken a slightly lower priority in the past. Now, for business reasons, international business is our lifeline." (P1)*

Market selection was primarily guided by formal analyses frameworks, including PESTLE analyses, scoring matrices, market size, and risk assessments, which the firm systematically conducted before entering a specific market. These structured evaluations enabled a data-driven understanding of external environments and potential challenges, directly influencing the firm's mode of market entry. However, the findings also indicate that decision-making was not purely analytical; it was shaped by socio-emotional wealth (SEW)-driven caution and the firm's existing social capital. For instance, the firm opted to keep the founder of the acquired German brand as a consultant to leverage his market knowledge and provide guidance throughout the transition and during their entry into this new market. This reflects a careful, relationship-oriented approach that balanced strategic analysis with trust-based collaboration and risk aversion:

'When we are going into direct operation, of course, the first criterion is to follow the PESTEL analysis, and analyze whatever the political and economic situations are there. In terms of market growth, what is market growth in this country? How easy is doing a direct business in terms of financial securities… And of course, [Company Case X], what do you call it, a perception or [Company Case X] name exists in that market or not?' (P7)

"The German owner found we were the only ones who wanted to operate the factory, not close it… We reached an agreement, and he is still working with us as a consultant until things are completely settled." (P5)

The firm employs multiple entry modes, including trading, collaborations with distributors, joint ventures, acquisitions, and FDI. In developed markets such as Germany, [Company Case X] favored acquisitions as a strategy to gain legitimacy and leverage established networks. However, in other countries such as the Kingdom of Saudi Arabia, where the firm already possessed a strong client base, it opted for FDI after conducting thorough market assessments. Several factors – elaborated upon in subsequent sections - accelerated these strategic decisions, including the availability of a ready acquisition opportunity in Germany - specifically the takeover of [German Brand Y]. Meanwhile, in Saudi Arabia, recently enacted government regulations designed to attract foreign direct investment accelerated the firm's decision to establish direct operations there:

"Each country differs depending on its customer behavior, the internal, and the external environment, political situation, the shape of population, the distribution's segments and so on. We take all these factors into account when we are entering a new country to be able to build a profile or create a business model for this country that fits the country. It is not possible for the model made for Germany or Europe to be applied in Nigeria." (P8)

"Yes, we work with all the five modes of entering global markets, sometimes we also work with six modes. The next mode is the JV -joint venture-, meaning that I find someone in the country who knows the country well. The country is high risk, and if I enter it myself and work on my own, I may not succeed, so I will find another partner who enters a joint venture with me, and we work together in this business in this country. It may be distribution, it could also be manufacturing, but there would be after-sales service. The last mode is that I do something called FDI -foreign direct investment-,

which means I go to a country, set up a factory there, or buy a good factory there, and start working there myself" (P5)

While strategic expansion decisions reveal the firm's growing international ambition, they also highlight how deeply family governance and socio-emotional wealth perspective shape managerial behavior. To understand how [Company Case X] balances professionalization with family control, the next section explores the governance systems, values, and trust mechanisms that enhance the company's internationalization process.

4.2. Family Governance, Trust, and Socio-emotional Wealth

Governance practices emerged as critical in supporting the firm's professionalization while safeguarding its socio-emotional wealth (SEW). Although [Company Case X] is a 100% family-owned company, participants emphasized a clear separation between ownership and management. Formal governance structures - such as the family council, an active board of directors, and performance-based human resource systems - play a central role in promoting transparency, accountability, and meritocracy within the organization. These mechanisms not only ensure fairness but also foster a strong sense of trust, commitment, and belonging among both family and non-family members. Participants described a clear separation between family ownership and professional management, as executives noted:

"No family member interferes in my work unless he is my manager… we apply governance to a high degree… Are there such interferences at [Company Case X]? No. Are there some employees working at [Company Case X] with us whose last name ends with [Company Case X]? Yes. Does this mean this is a family company? Yes, it is a family company, because a large number of the board members are family members, but they have a business bent, and there is a high degree of governance applied within our company. Therefore, you can say it's a modern family company." (P8)

"Our family has been implementing this governance since 2008. We established a family council, which manages family affairs only. The goal of this governance is to separate ownership from management, meaning that [Company Case X] as a company to remain a professional company." (P3)

"Responsibilities are distributed within the company, not within the family… Human resource department determines whether a person is suitable, whether he is from the family or not." (P5)

> *"Though it's a family-owned business… there is very high professionalism. We have a proper hierarchy… chairman, group CEO, commercial CEO, factory CEO…I feel that the right family member is taking care of the right job." (P6)*

The family council invests in family members' education and values transmission, underscoring SEW preservation:

> *"The family funds the training and development of family members, whether they are inside or outside the company." (P2)*

At the same time, corporate social responsibility (CSR) initiatives - such as the construction of hospitals and schools - further illustrate the firm's moral legitimacy and its deep embeddedness within local communities. According to several participants, these initiatives are viewed as an integral part of the firm's organizational DNA. However, implementing such initiatives is often challenging, particularly in highly regulated environments such as Germany. Despite these challenges, the initiatives generate mutual benefits by contributing to societal development and providing access to a pool of well-qualified technicians. As participants explained:

> *"It's normal, but we're still in our first years of work in Germany… but these things require a lot of permits here. I mean, to establish a normal business here, it took me about a year, or nine months, because I had to start putting products on the market and register for taxes and register with all the authorities. Doing charity work in Egypt is much easier." (P4)*

> *"They are also educating the young people, the technology, who can later on come to the factories and get jobs… this is very important for [Company Case X]" (P6)*

> *"Even if, for example, I tell you that in Europe, the topic hasn't started yet to have CSR initiatives, but they are embedded in DNA. If it doesn't happen today…, you will find that this happens automatically... It is based on the needs of the community, based on what is required, and of course based on how I can fulfil that" (P1)*

Relational trust was also an important factor in the firm's external partnerships, especially when working with other family-owned businesses. Participants explained that these relationships were often based on shared values, understanding, and long-term commitment, rather than formal contracts. They also highlighted that this sense of trust often crossed cultural boundaries, as family ownership created a common ground and a familiar way of doing business, even between companies from different cultures:

"When a family-owned company deals with another family-owned company, there is a kind of emotional connection, which means that we know we are sharing a lot, even if our cultures are different, we can still have a common language of dialogue… we are sharing the same problems and the same ambitions." (P1)

"Here, there is a DNA that belongs to the [Company Case X] as a family, and it is well known in the community that we keep our word and that we maintain long-term relationships with companies. This makes people feel secure. Some agents only feel comfortable when they see a family member from [Company Case X] in the meeting to reassure them that they are safe." (P3)

Although the firm's governance structures provide a strong internal foundation, operating across different institutional environments exposes [Company Case X] to diverse external pressures. The next section examines the challenges encountered in developed markets, particularly in Germany, where regulatory systems, customer expectations, and labor market dynamics differ significantly from those in the company's home context.

4.3. Challenges and Institutional Adaptation

Entering developed markets requires significant institutional adaptation, including compliance with strict technical standards, certification requirements, and elevated customer expectations. Firms must also address market-specific product modifications, high competition, language barriers, and bureaucratic hurdles. In the case of [Company Case X], an additional challenge lies in its limited brand recognition in European markets such as Germany, where the company is relatively unknown. This contrasts sharply with its stronger reputation across the Arab world, driven by extensive media exposure, television advertising, and the large presence of Egyptian communities in Gulf countries. These contextual differences amplify the complexity of market entry, as adaptation processes are not only time-intensive but also require a deep, often tacit, understanding of local cultural norms and consumer behavior, as highlighted by the participants:

"Europe: you must have EU certificates, CB test reports." (P6)

"Every market has its own specific challenges. Even if they all agree on one product, let's say a simple product like a television, the LCD screen is the same everywhere in the world, but the specifications, acceptance and entry of the product itself differ because of the certifications" (P4)

“It was very bureaucratic. We discovered that Egypt is faster than Germany. We waited a while until we completed the procedures for establishment, entry and certificates. This took us a little longer than expected, Although the firm had studied all regulatory requirements in advance.” (P4)

“Once we know the rules and regulations, we can overcome and apply them without any problems. The difficulty is only in the market, which took some time for us to be able to deeply go inside society and culture and be able to introduce ourselves well, especially since there are many competitors from many countries” (P8)

“If the market supply is saturated, there will be fierce competition in prices and fierce competition in terms of everyone trying to offer an advantage that the other doesn't have, and people will stick with well-established brands, so it's very difficult for them to change their minds.” (P3)

“In Japan, the consumer wants a very small refrigerator divided into four or five doors… In Africa, they want one that makes ice-bank refrigeration technique because electricity is cut off every day.” (P5)

“The European customer knows that after-sales or this type of service is not available because no one offers it, the customer also adapts to the capabilities available to his service. So, he accepts that when he speaks on the phone and says, “I have a problem,” he might accept that someone comes to him to solve the problem two weeks later. But when you say two weeks, it means two weeks. You must stick to your words. The customer in Africa might say, "I need you to come tomorrow", but if I arrive late tomorrow, it wouldn't be a problem.” (P8)

Many participants highlighted the significant challenge of labor shortages in the German market, emphasizing its impact on both business operations and administrative processes, such as obtaining permits to establish businesses or initiate CSR activities. They noted that conducting business and community engagement is comparatively easier in Egypt, where bureaucratic procedures are less complex. In contrast, Germany’s extensive regulatory requirements and workforce shortages slow down essential processes like company registration and account setup. One participant noted that opening a German bank account can take two to three months, while registering a company may require four to five months. These delays reduced [Company Case X]’s internationalization speed compared to its initial plans.

To address these operational challenges, the company temporarily sends engineers and workers from its Egyptian factories to support the German operations. Participants also mentioned that after-sales service is a key priority for [Company Case X], but recruiting qualified staff for these roles remains difficult due to the limited labor supply and the tendency of new graduates to seek employment in more established or well-known companies.

> *“It's normal, but we're still in our first years of work in Germany, and that's not what’s stopping us from doing charitable activities, but these things require a lot of permits here. I mean, to establish a normal business here, it took me about a year, or nine months, because I had to start putting products on the market and register for taxes and register with all the authorities. Doing charity work in Egypt is much easier.” (P4)*

> *“A bank account may take two or three months to open, and a commercial register was made after four to five months, and that's not because they refuse, it's because they don't have the manpower to implement it in the first place… The Germans have a huge shortage of young people, even in governmental services, even though these services are connected to everything, but they don't have the manpower to implement those services.” (P4)*

> *“The challenge in the factory is that the labor force in Germany is very small… So, we are feeding the factory by some of our workers and some of our engineers who stay there for short periods, like 90 days.” (P5)*

> *“Another thing we noticed is that technical workers or workers who can work in after-sales services are very available in Africa. In Europe, the labor force is small. We have a problem in Germany because there is no one to employ. By the way, there is no workforce that works in all fields, meaning not just in after-sales services and of course, and you know that Europe is called the old continent. “(P8)*

In addition to these institutional and operational barriers, some participants highlighted a challenge arising from the negative reputation of some Egyptian products in international markets. These earlier entrants often positioned their products at the very low end of the market, which contributed to a perception of Egyptian products as low-quality and unreliable. This unfavorable reputation has complicated [Company Case X]’s efforts to introduce its products in Germany, where the company must work to change preconceived notions regarding pricing, quality, and dependability. To build trust, the company initially offered small quantities with no profit, allowing customers to test product performance and experience the brand's standards firsthand:

> *"In one country, when we went there, they told us, 'We want a low price.' We asked them why they wanted such a low price, and they said that the Egyptian competitors who came before you and have been here for years position the Egyptian product this way and kept them in this range. Of course, we first talk to them and tell them, 'No, we are not the same.' So, we tried offering them small quantities with no profit at first to try, see, and decide. After they try it and deal with us, they discover that we are a completely different brand, with completely different quality, so they accept our products, but it's not easy." (P5)*

> *"The way of thinking itself, so that the consumers accept and trust buying a device made in Egypt, especially since there are many companies, unfortunately, that imported from Egypt and had a bad reputation because their devices were not the best, their performance was not good, after-sales services did not exist… even if the item is cheap for the consumers and disposable, meaning they will buy it and throw it away after a while, but they still remember that they bought a device from Egypt before and it was not good, so they have a problem buying a device from Egypt again." (P8)*

Two participants also mentioned a broader, long-standing stereotype that Egyptian and Arab products are of lower or degraded quality. However, they noted that these perceptions are gradually shifting, as global awareness increases and improvements in manufacturing standards, branding, and product reliability become more visible:

> *"In Europe, if we were discussing it a few years ago, there were some problems or some difficulties because in some European countries, Arabs and Egyptians are considered to be of a lower level than other people (degraded level). Nowadays, this situation is no longer prevalent, or even if it is, it is not obvious. The reason, of course, is the tendency towards global awareness in terms of acceptance and openness to the world, and so on." (P1)*

> *"We as Arabs and developing countries in general are not considered the best in this field by Europeans… the advantage of having an Arab or Egyptian community in Europe is not as large as in the Gulf for example" (P8)*

Despite these perceptions, an executive from the German office noted a more positive view, saying that promoting “Made in Egypt” products in Germany was surprisingly straightforward. This observation supports the earlier participants’ point that growing global awareness and openness have helped enhance the acceptance of Arab and Egyptian products:

> *“I have three brands that I market here. I want to tell you that the easiest one is Made in Egypt. I have a German brand that I bought, a Japanese brand, and an Egyptian brand. Made in Egypt originally has a very good perceived quality, and the Germans love it. What they love is the Egyptian concept in it. Yes, at first, they didn't know anything other than Hurghada, of course, because for them, it is their favorite city. But they know what Egypt means, and they know what civilization means. I mean, we needed to just explain to them that Egypt also has industry. They have a very high level of acceptance for us.” (P4)*

Despite these challenges, international expansion has been a powerful learning process for [Company Case X]. The following section discusses how exposure to international markets has fostered adaptive capabilities, innovation, competitive advantages and a renewed strategic vision among the company’s younger leaders.

4.4. Learning, Opportunities, and Generational Renewal

Facing various challenges in different international markets fostered resilience and promoted a continuous learning process. The participants highlighted experiential learning as central to effective risk management, emphasizing that practical experience guided their decision-making and encouraged the adoption of cautious, incremental investment strategies. As one participant noted:

> *“If I have doubts that a big risk might occur, I should take this investment step by step.” (P5)*

Others stressed the importance of adaptability and emotional discipline, acknowledging that

> *“We also must accept the loss and not increase our losses by being stubborn.” (P3)*

Moreover, participants emphasized the value of maintaining a humble mindset when entering developed markets. One participant explained that despite [Company Case X] being a leading and long-established company in Egypt, success abroad required abandoning the “ego of history and market share” and adopting the mindset of a newcomer. Approaching foreign markets with humility, openness, and a willingness to learn was described as essential for overcoming challenges and facilitating successful market penetration

> *"We are here in Egypt, a very large company. We are almost number one in Egypt, and our market share is number one. We have been around since 1964. We are a very old company, and this market share gives the ego ... but if we went abroad to foreign markets while carrying this [Company Case X] ego, we would never succeed. Why? Because abroad, we are newcomers, we are nomads, and no one knows us. If we worked there with this ego, we would fail. The secret to overcoming the problems is that we abandoned the ego of history and market share, and we worked there as a small, newcomer company, and no one knew us yet. We personally believe that we are a small company, although we offer many things that are superior and people there are amazed by the size of our business in Egypt and the number of customers and our annual turnover, but we put all of that aside and consider that we are a new company going to a new place and opening from there from scratch. This helps more to penetrate and enter the market in a better way without ego pulling us back. "(P8)*

The participants highlighted many opportunities available for Egyptian firms seeking to expand into international markets, including developed economies such as Germany. Among these opportunities, the existence of multiple free trade agreements between Egypt and various global regions was emphasized as a critical facilitator of market entry. These agreements offer preferential access and reduced tariff barriers that enhance the competitiveness of Egyptian exports abroad. One participant specifically mentioned the EUR.1 Certificate, which serves as an original declaration under the Pan-Euro-Mediterranean Convention, allowing goods to benefit from preferential or reduced tariff rates when traded between countries that have bilateral trade agreements (EUR1 Certificate. What It Is and Who Issues It., 2024) As participants explained:

> *"Egypt has a free trade agreement with Europe, which means we have zero customs duties. It looks good, of course, because you don't have to pay customs duties" (P4)*

> *"Egypt is a party in many free trade agreements. There's something called COMESA, which includes East African countries, and something called EUR.1 with Europe, and there's Pan-Arab Trade -GAFTA- and Pan-African Trade -AfCFTA. These agreements help Egyptian products enter without customs duties" (P5)*

In parallel with trade agreements, participants emphasized the role of governmental and institutional support - such as export incentives and informational platforms - as valuable but largely complementary factors. While these forms of external assistance were acknowledged as beneficial, they were described as supportive rather than central to the company's international success. Instead, such support served to reinforce the firm's internally driven entrepreneurial orientation, strategic adaptability, and capacity for renewal. As one participant noted:

> *"Invest Saxony… gave us a lot of information that made us think seriously about Germany." (P4)*

Similarly, another participant explained that governmental programs provided tangible financial support that facilitated international participation and market exposure:

> *"The Egyptian government provides support in multiple ways. For example, we receive support for exports in terms of the amounts we export... In addition, when we participate in international exhibitions, we receive a large portion of this amount as support from the Egyptian Export and Import Control Authority, which means that there is also an incentive. For example, in September, God willing, we will participate in the IFA exhibition. We will get back about 40 or 30% of the cost will be covered by the Egyptian Export Council, so it may be less, or it may be more. But of course, we are doing something a little different. The Council supports us with basic participation in the exhibition, rent and things like that, but of course, in order to have a better presence, we are spending more, so the support will be less than the total amount, maybe around 15 or 20%." (P1)*

Expanding internationally, particularly into developed markets, was also viewed as a strategic means for Egyptian family firms to strengthen financial stability by generating revenue in foreign currencies, thereby benefiting both the company and the national economy. Participants noted that international expansion not only diversifies income sources but also mitigates exposure to domestic economic volatility and fluctuations. As one participant articulated:

> *"Nowadays, if we don't go abroad and seek international expansion, have a steady income in different currencies, and don't put all our eggs in one basket, businesses in Egypt will be affected sooner or later. Therefore, the management's view and the family's view of international business as a key function in the business has changed completely from ten years ago to today." (P1)*

Another participant emphasized the macroeconomic benefits of this global orientation, noting the company's contribution to employment, GDP progress, export performance, and foreign currency inflows:

> *"I believe [Company Case X] contributes a very vital role in terms of employment in the country, in terms of the revenue generation in the country, in terms of the exporting of the products which can bring the dollar to the country… which is very big for any industry. Yeah, so it's bringing a dollar to the country which, you know, is supporting their GDP." (P6)*

Another opportunity repeatedly highlighted by participants relates to the financial capacity and consumption behavior of European consumers. Participants explained that, unlike in Egypt, European consumers typically prefer to replace household appliances rather than repair them. This tendency creates a continuous demand for new products, offering substantial opportunities for Egyptian firms in the home appliance sector. One participant also mentioned that the financial capability of European consumers allowed the company to offer more competitive prices compared to other products originating from markets such as Korea, making their products more appealing across different income segments. As one participant noted:

> *"The price is also good because compared to the prices of the European or Korean devices like [Global Brand 3], [Global Brand 1]and the very famous brands, our prices are much cheaper ... So, the culture of people in Europe can provide opportunities for us to work well in this field .Our prices are also considered very good for the people there, so almost all classes A, B, C, any class will be able to afford our prices, so this is another opportunity for our device to be sold." (P8)*

> *"The European market is a large consumer market, because people do not keep things for 30 or 40 years unlike in Egypt. European consumers tend to throw things away and buy new ones after about five to ten years, or earlier if the items break down. So, it is a huge market." (P5)*

Similarly, another participant emphasized that the limited dependence on after-sales services among European consumers distinguishes this market from other markets in Africa:

> *"This consumer buys a refrigerator or a washing machine for a certain period, and as soon as it breaks down, he doesn't think about the services. He throws it away and buys a new one... This is because the price of the product does not represent a large part of*

the European customer's income, and he does not consider the product an investment... In Europe, the labor force is small... So, the European customer knows that after-sales or this type of service is not available because no one offers it, the customer also adapts to the capabilities available to his service." (P8)

Participants also identified product quality and durability as potential competitive advantages for Egyptian firms entering the European market. One participant illustrated this through the example of electric fans:

"For example, if the summer season is a little hot, they go to any supermarket to buy a cheap fan or even expensive one… We come from an area that is familiar with heat, of course, in Egypt. We have been producing fans in Egypt since the 1980s, and we produce them because the Egyptian market has temperatures ranging from 45 to 55 degrees in the summer and the number of operating hours is incredible. In summer, Egyptians often run their fans for a very long time. We produce fans that last for many years with Egyptians; These fans could last for even more years in Europe because firstly the heat wave here in Europe lasts only a month or two, and fans are used for short periods of time. We provide consumers here with superior products." (P4)

An important competitive advantage identified for Egyptian firms is the geographical proximity between Egypt and Europe, which enables fast delivery times, quick revenue cycles, and significantly low shipping costs - particularly for bulky goods such as refrigerators. As participants explained:

"Shipping costs are also lower because these countries are close to us…This ultimately makes me more competitive in terms of landed costs." (P5)

Similarly, another participant highlighted how Egypt's location became strategically advantageous and provided a competitive edge during global disruptions:

"There are advantages for Egypt in terms of its geographical location... For example, during the coronavirus pandemic, China shut down, and shipping became very expensive, so Egypt, which is close by, became an alternative supply source, along with Turkey for the entire region... When my container or shipment arrives in a month instead of three months, it means that I can rotate or reinvest my capital more frequently throughout the year, or avoid placing one large order at once, or that I don't have to stockpile my money or my goods. This was the comparative advantage that exists." (P3)

The cost differential between shipping from Egypt and from distant suppliers such as China was also emphasized as follows:

> *"The big advantage is the cost of transport from Egypt to Germany, from Egypt to Spain, from Egypt to Italy by sea. The cost is very low, 600 euros, 700 euros, but if it comes from China, they pay 3,000 dollars and 4,000 dollars. When the products are large in size, for example, the number of products is small inside the container, Egypt is better. For example, refrigerators. Forty refrigerators can fit into one container. If the container costs 3,000 dollars for forty, it is different from when the container costs 600 dollars for forty. Egypt has an advantage in logistics and customs, which makes it somewhat closer to the Chinese price, but energy and labor costs in Egypt are still cheaper than in China" (P4)*

Another factor that strengthens the firm's position in international markets is the involvement of the younger generations, who have brought fresh perspectives to the family business, introducing a global mindset, digital awareness, flexibility, and a higher tolerance for risk, while maintaining a deep respect for the family's legacy and values. Their approach reflects an ambition to modernize operations and align the company with international trends, without compromising its original identity. As one participant emphasized:

> *"The third generations are also trying to follow their forefathers' footsteps… trying to converge technology with our business tools." (P7)*

This reflects a solid effort to balance tradition with innovation and to leverage technology as a driver of continuity and renewal.

Moreover, this generational transition illustrates a broader cultural shift within the organization. The younger family members appear more open to experimentation and adaptation, recognizing that long-term survival requires breaking away from rigid practices and adopting more dynamic strategies and going international. As family members articulated:

> *"Now, for business reasons, international business is our lifeline. If I don't expand globally, I won't be able to continue with the 45,000 employees and 45,000 families who depend on [Company Case X] Group. Nowadays, if we don't go abroad and seek international expansion, have a steady income in different currencies, and don't put all our eggs in one basket, businesses in Egypt will be affected sooner or later." (P1)*

> *"The world is changing, and change is the only constant. We must break the rules we set for ourselves. Those rules limit our opportunities. We must be more flexible...We need to change by breaking some rules and changing so that you remain quick and open to everything new." (P3)*

Overall, these findings illustrate a cohesive narrative of transformation: from a domestically focused family business to a globally oriented, learning organization. This evolution demonstrates how [Company Case X] simultaneously preserves its family identity and embraces professional and institutional adaptation.

The following chapter interprets these findings in relation to existing literature on family business internationalization, institutional theory, and socio-emotional wealth perspective.

5. Discussion

This chapter explores how [Company Case X]'s practices apply or challenge theoretical expectations and outlines their implications for research and practice. The findings deepen insights into how family-owned firms from emerging economies expand internationally by addressing the following research question:

How does the case study [Company Case X] Egyptian family company navigate the process of internationalization in Germany within the electronics and home appliances sector?

5.1. The Influence of Socio-emotional Wealth and Governance on the Internationalization Path of [Company Case X]

This section analyzes how socio-emotional wealth and governance structures jointly shape [Company Case X]'s internationalization strategy, particularly in its expansion into the German market.

The findings demonstrate that family firms' strategic internationalization decisions are not always purely profit-driven. They are also motivated by non-financial factors, such as the desire to protect their socio-emotional wealth (Gómez-Mejía et al., 2007) and the global trends to internationalize and keep pace with competitors.

[Company Case X]'s internationalization process did not begin with FDI in distant markets. Initially, the founders focused on the firm's position within the Egyptian domestic markets. The next generation started to initiate export activities, gradually expanding into neighboring African and Arab countries. Later, the company established a research and development (R&D) team to enhance and strengthen its product development and technological capabilities. In July 2023, the company restructured its operations by renaming the "Export" division to the "International Business Department" to manage and identify new market opportunities using multiple evaluation methods, including formal market analysis and PESTLE assessments, leading to gaining the opportunity of an acquisition in Europe. This strategic shift reflects the firm's incremental approach to internationalization and its increasing commitment to foreign markets. This pattern aligns with the original Uppsala stage model of internationalization (Johanson & Vahlne, 1977), which emphasizes gradual, experiential learning and progressive commitment to international operations.

Trust-based relations have played a central role in the company's history, dealing with consumers and partners. This emphasis is even reflected in the company's slogan which includes the word ‘Trust’. During one interview, a participant noted that in meetings with some Arab partners, they often request that at least one family member remains involved in the meeting to preserve trust. This aligns with Miller et al. (2009) who argue that family firms are particularly effective in building trust-based relationships in emerging markets.

Consistent with prior research, participants emphasized the importance of diversifying revenue sources and accessing foreign currency to reduce dependence on the domestic market. This aligns with Gómez-Mejía et al. (2007) who found that family firms often take higher-risk decisions when these improve their chances of survival. This shift also reflects a growing recognition among emerging-market family firms that internationalization is a vital strategy for resilience, long-term sustainability, and the preservation of both profit and socioemotional wealth.

The findings indicate that [Company Case X] adopts a hybrid internationalization strategy, carefully adapting its approach to the specific conditions of each target market. In markets with manageable risks and supportive host-country policies, the company tends to favor proactive entry modes, for example its acquisition in Germany or its FDI in Saudi Arabia. Conversely, in markets with higher geopolitical uncertainty, the company currently adopts more cautious entry strategies. Past experiences have reinforced this prudence. Notably, the company suffered losses in Sudan, where the company’s factory established in 2021, was subsequently closed by Sudanese authorities after the outbreak of war. Participants identified this incident as a key lesson, highlighting the importance of not underestimating geopolitical factors.

Although SEW perspective often suggests a conservative approach to risk (Gómez-Mejía et al., 2007), the findings reveal that certain generational transitions and leadership imprinting (Gómez-Mejía et al., 2025) can lead to more openness and adaptability. In this context, the next generation seems more willing to balance emotional attachment with innovation. They pursue global opportunities while maintaining respect for the founding generation’s strategies and traditions. These insights support the argument that the FIBER model needs further refinement, as additional elements proposed by Gómez-Mejía et al. (2025) help to better capture how evolving family dynamics and SEW intensity influence decision-making in family firms.

Participants also emphasized the importance of upholding the founders’ traditions. Corporate social responsibility (CSR) initiatives were highlighted as a key part of the company’s identity. These initiatives focus on supporting local communities, including educational and medical programs. They also help maintain a positive image of the company and provide practical benefits. For example, participants noted that students who complete the CSR educational programs gain technical skills and can later work for [Company Case X] or other firms.

[Company Case X] was described by participants as complementing a fair management approach by implementing a strict governance system. The company also implements professional human resources and management practices. At the same time, the family preserves its socio-emotional wealth by investing in the education of family members, financed through the family council. This practice is consistent with prior literature, enhancing the bicultural perspective and skills of the new generation, which in turn influence the firm's strategic decisions (Fathallah & Carney, 2024)

While these internal motivations and family factors shaped the company's initial internationalization choices, the next section examines how external institutional environments further influenced these strategies.

5.2. Institutional Context and Adaptation

The findings emphasize how institutional theory (North, 1990; Scott, 2014) explains the external pressures, opportunities and challenges shaping family firms' strategies as they move from emerging to developed markets. This shift does not necessarily represent a straightforward improvement. The case showed that navigating developed institutional contexts requires adaptation to the regulative, normative, and cognitive institutional pillars (Scott, 2014). This demands strategic foresight and courage from the firm to effectively adjust to new institutional environments.

5.2.1. Regulative Pillar

[Company Case X] faced high institutional distance and strict regulative demands, including bureaucratic registration processes, EU certification requirements, the establishment of new banking relationships, and compliance with the Certification Body (CB) test reporting. The CB Scheme is an International IECEE Certification Body system for mutual recognition of safety test reports and certificates for electrical products among member countries, including Germany (CB Scheme, 2025). The participant's observation that bureaucratic hurdles are less burdensome and faster to navigate in Egypt than in Germany aligns with existing literature highlighting the negative impact of regulatory institutional distance on firms operating across countries (Kostova et al., 2020).

The labor shortage also poses ongoing challenges for daily operations of the company. The European Commission highlights labor scarcity as a major issue in the Electrical and Electronic Engineering Industries (EEI) (Electrical and Electronic Engineering Industries (EEI), n.d.). Participants also emphasized the shortage of labor in many sectors in Germany. They explained that this shortage slows down bureaucratic processes and delays business operations. The company addresses the gap by sending highly-skilled workers from Egypt to Germany on short-term assignments. However, language barriers sometimes complicate these missions. This illustrates the practical challenges of operating within complex institutional environments.

5.2.2. Cognitive Pillar

Beyond regulative demands, [Company Case X] also faced cognitive challenges that influenced customer perceptions and market positioning. Participants noted three cognitive customer barriers or obstacles that the company had to navigate in different market contexts:

After-sales service expectations:

One participant noted that labor shortages can also influence customer expectations regarding after-sales service. European customers may expect slower after-sales service compared to those in African markets. As a result, they sometimes choose to buy a new product instead of waiting for repairs. This shows that labor constraints can shape both service operations and consumer behavior and expectations in different market contexts.

However, some scholars suggest that as industries mature and competition increases, the demand for services and customer support also rises (Cusumano et al., 2015). Data from a 2020 Eurobarometer survey indicate that although 77% of European consumers express a preference for repairing electronic products instead of buying new ones, a substantial share ultimately ends up replacing or discarding items due to high repair costs and limited availability or quality of repair services (Right to Repair: The EU’s Actions to Make Repairs More Attractive | Topics | European Parliament, 2022). For [Company Case X], these dynamics underscore the need to adapt staffing and operational strategies to meet local service standards and the European Union efforts promoting the right to repair.

Previous experiences with Egyptian companies:

[Company Case X] faced low demand in some European countries because customers hesitated to buy Egyptian electronics due to negative association formed through prior experiences with other Egyptian brands. This finding aligns with Nes (2018) who argues that the country-of-origin perceptions affect consumers' beliefs and purchasing behaviors. Nes further suggests that products that are manufactured in developed industrialized countries are often perceived as better and higher in quality than those originating from developing countries, regardless of their actual performance.

Such perceptions add an additional challenge for firms from emerging markets during internationalization. This increases the perceived risk and market entry barriers, especially when the product category is not traditionally associated with country-specific excellence or in our case when previous negative experiences with the country of origin exist. To overcome this, the company offered small quantities to distributors at no profit, aiming to build trust and demonstrate that they provide high-quality, differentiated products. In this context, [Company Case X]'s trust-building strategy can work to counteract negative country-of-origin biases and reduce uncertainty among European distributors and consumers.

Product design expectations according to local environments:

A participant mentioned that each company must adapt its product designs to local needs, and [Company Case X] followed the same approach. He mentioned that, for example, in Europe, smaller refrigerator models are preferred to fit compact kitchen spaces; in some African markets, specific defrost systems are required to cope with frequent electricity shortages; and in the United States of America, larger refrigerators are designed to accommodate bulk-buying habits. Together, these examples illustrate how diverse consumer preferences and environmental conditions shape product design decisions and highlight the importance of flexibility in the firm's internationalization process.

5.2.3. Normative Pillar

Finally, the company also had to navigate differing social norms and values across markets. Consistent with institutional theory, [Company Case X] engaged in strategic learning by adopting professionalized management structures and formal procedures. The company uses German governmental websites to access information for entrepreneurs. It also benefits from free trade agreements among countries and performs R&D and market studies before entering new markets to align its products and operations with host-country rules and norms. At the same time, it relied on informal, trust-based relationships and family networks - for instance, the company kept the German founder of the acquired factory as a consultant. This reflects the importance of trust in family management (Soleimanof et al., 2018).

Although all participants in this study were male, revealing a gender gap in representation, one participant highlighted the company’s commitment to gender equality in hiring practices. He viewed it as an opportunity to strengthen its position in the German market, believing that promoting equal opportunities could enhance the firm’s reputation and support greater customer acceptance compared to competitors. By integrating trust-based family relationships with institutional norms conformity, the firm demonstrates institutional bricolage (Fathallah & Carney, 2024), where firms creatively combine available social and cultural resources to overcome normative institutional differences.

5.3. Interaction of SEW and Institutional Pressure

The findings show that the socio-emotional motives guidance to [Company Case X]’s decisions cannot be separated from the institutional pressures encountered abroad. [Company Case X]’s desire to preserve SEW motivated its expansion into developed markets. The firm aimed to diversify income, support employees, enhance their reputation, and adapt to generational succession and global competition. However, after international expansion, institutional demands began to shape how these goals could be pursued.

Empirical evidence from the case shows that the firm seeks to maintain family control (F dimension of SEW) while implementing professional governance to ensure a fair and healthy workplace. It also aims to preserve its reputation (I dimension) and initially accepted lower margins by offering smaller quantities to demonstrate product quality and gain trust in Europe. Similarly, the desire to secure generational renewal (R dimension) and follow the pace of the new generation while preserving long-standing family traditions and values. This tension is consistent with the mixed gamble perspective that family firms often face (Debellis et al., 2024)

Overall, this indicates that the internationalization of emerging-economy family firms is driven not only by SEW motives but also by institutional pressures. These factors interact closely. Institutional adaptation enables the company to remain competitive to cope up with the global trends and enhance the company reputation and SEW abroad. Given its fully family-owned status, with many family members in managerial positions, the [Company Case X]’s SEW strongly influences its relationships with partners, strategic decisions and approach in international markets.

6. Conclusion

Building on the results of this research, several theoretical and practical implications emerge that advance both scholarship and managerial practices. This section presents these implications and offers recommendations for future research.

6.1. Theoretical Contributions

This study contributes theoretically to international business (IB) and family firm research by addressing the fact that much prior research has focused on developed-market firms (Chen et al., 2016; Soleimanof et al., 2018; Arikan & Shenkar, 2022). Many studies often conceptualize internationalization as a one-way process driven by firm's superior resources and institutional conditions. By focusing on emerging-market family firms, particularly from North Africa, this research helps to address a gap in understanding how an Egyptian family firm engages with and adapts to the complex institutional environment of the German market. The study examines both the challenges and opportunities these firms face when operating under different institutional conditions.

Another key contribution of this research is that it challenges the traditional view of emerging-market family firms as latecomers, presenting them instead as organizations operating in a co-evolutionary environment (Liu et al., 2021).

The findings show that these firms can be proactive, opportunity-seeking players that both influence and are influenced by their institutional environments. They use their socio-emotional wealth (SEW), competitive advantages, and unique institutional contexts to compete in advanced markets. This demonstrates that these factors can become strategic assets in international expansion.

This study also contributes to research on emerging-market multinational enterprises (EMNEs) by applying a family firm perspective to examine the outward FDI decisions (Luo & Tung, 2007). The evidence from the Egyptian firm shows that family ownership, generational transitions, and SEW motives can facilitate international growth, particularly when combined with adaptability to institutional contexts and a global mindset across generations.

Finally, the study responds to calls for integrated theoretical frameworks that bridge IB and family business research (J.-L. Arregle et al., 2021). By connecting the SEW perspective with institutional theory, it highlights how family-specific values and strategic logics interact with external institutions to shape unique internationalization pathways. In this case study, the emerging-market family firm follows hybrid paths, balancing emotional attachment, strategic flexibility, financial resources, and tradition with innovation. In this way, internationalization is neither linear nor purely imitative but is instead contextually embedded and multi-layered.

6.2. Practical Contributions

This study provides practical insights for managers of emerging markets family firms seeking internationalization into developed economies. It highlights the need to balance socio-emotional wealth (SEW) with institutional and market challenges. Success in such contexts requires adaptability to regulatory requirements, certification standards, customer expectations, and cultural norms.

The findings emphasize the role of revenue diversification and risk management. Expanding abroad allows [Company Case X] to reduce reliance on domestic markets, secure foreign currency inflows, and enhance stability amid economic volatility. Financial capacity of the firm is crucial during the early stages of internationalization. Evidence from the case study shows that firm's strong domestic foundations and its sufficient capital enabled it to absorb cross-border investment risks. For example, stable financial resources allow [Company Case X] to offer small orders with little or no profit to build trust and overcome the previously low market positioning of Egyptian brands abroad.

Institutional learning and capability development are also important. Family firms need to carefully navigate regulatory complexities while maintaining internal trust, positive reputation, and loyalty. Investing in both human and familial capital, supported by governance mechanisms like the family council, improves professional competence and prepares younger generations for leadership roles.

Generational renewal and strategic flexibility help integrate traditional values with modern business practices. [Company Case X] adopts a humble approach in developed markets, independent of its strong brand recognition in some markets. It offered products with modest profit margins to build trust and credibility. The study also indicates that understanding the customers' familiarity with the brand and products in some markets enables the firm to benefit from it. Communication and positioning can then be aligned with the level of familiarity. Many family firms have major success stories at their home countries, but this reputation does not automatically transfer abroad (Luo & Tung, 2007). Humility and careful learning become important when entering developed markets.

Ultimately, [Company Case X] operates globally, employing different market entry strategies specific to each region. This underscores that entry approaches are most effective when adapted to the local context of each target market and informed by thorough research and expert guidance to ensure long-term success.

6.3. Avenues for Further Research and Limitations

This study highlights several avenues for further research. Existing literature calls for more studies on the internationalization of family firms from emerging economies entering developed markets. Exploring this area can improve understanding of both family business and international business studies. It can also help firms make effective decisions and benefit themselves and their home economies. Future studies need to consider family firms' heterogeneity and variations across emerging economies. They should also look at the unique characteristics of emerging countries, as these contextual differences shape the competitive advantages that motivate firms from emerging markets to internationalize.

For instance, this study shows that Egypt's geographical and strategic advantages supported [Company Case X]'s internationalization decisions. Investigating similar contextual advantages across different markets could provide deeper insights into the internationalization processes of family firms.

Longitudinal studies could also examine the progress of family firms' international investments over time. In this case, [Company Case X] began its investment in Germany in 2023. Studying the development of this investment, along with its management and strategic adjustments over the years, provide valuable insights into the long-term internationalization processes and performance of family firms.

Additionally, all participants in this study were male, revealing a notable gender gap in the collected data. However, one participant highlighted that the company practices gender equality in its hiring process, which was perceived to strengthen the firm's reputation and enhance customer acceptance of its products in the German market. These insights emphasize the importance of gender dynamics in the internationalization of family firms. Future research could investigate how women's participation, particularly in managerial and leadership positions, may influence a firm's reputation, image, and legitimacy when expanding from emerging to developed economies.

Finally, several participants pointed out that labor shortages and bureaucratic delays slow the internationalization and affect the company’s operations in Germany. One participant added that labor shortages also influence consumer behavior. He explained that German customers often choose to buy new products rather than repair old ones. Future research could examine these labor market and institutional constraints in more detail to better understand their relation and impact on the internationalization of family firms.

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8. Appendix

Interview Guide (English)

This section presents the interview guide from the eight semi-structured interviews conducted for this research. Interviews in Arabic were translated into English to ensure clarity. The purpose of this appendix is to enhance transparency and allow readers to assess the richness and depth of the qualitative data. All participants' information has been anonymized to protect privacy and confidentiality. Interviews were conducted with both family and non-family managers to capture a broad range of perspectives related to the research topic and their professional experiences.

Interview Introduction

Thank you for taking the time to speak with me today and for your participation in this study. This study aims to explore how family-owned businesses from emerging economies expand in the developed markets, especially how they adapt to different institutional and cultural environments abroad. I have chosen [Company Case X] as a case study because of its long-standing international growth, and I believe your insights will be extremely valuable.

The interview will be open and flexible - please feel free to answer freely or skip anything you are not comfortable with. It should take around forty-five to sixty minutes. We can speak in Arabic or English - whichever you prefer. The interviews will be used for the basis of a master's thesis conducted at the Chair of International Business at the University of Vienna. The interview will be recorded for academic purposes only and kept confidential

Do you have any questions before we begin? Shall I start recording?

Interviews' Questions

Background Question

1. Could you please explain your background and your position within the company?

Core Open-ended Questions

2. What criteria does [Company Case X] use when selecting foreign markets and potential partners?
3. What are the main differences you encounter when operating in Africa compared to markets like Europe or Japan? Could you provide some examples?

4. Are there any aspects in which being an Egyptian company offers advantages when operating in Western markets (e.g., Europe or Japan)? What are the main challenges you face, and how do you deal with them?
5. What is the role of the family in this process? How are responsibilities distributed within the family?
6. Are relationships with international partners managed by family members or non-family members?

Open-ended Questions for Family Members

7. In your opinion, how does being a family firm influence relationships with international partners differently compared to a non-family firm?
8. Do you see any difference in the way of approaching international markets compared to the previous generation?

Open-ended Questions for Non-family Members

9. Do you consider [Company Case X] to be a family firm? Please explain your answer. In your view, what are the main differences compared to a non-family business?