MASTERARBEIT | MASTER'S THESIS

Titel | Title

Top Management Team Diversity and the Speed of Internationalisation:
The Moderating Roles of CEO–TMT Similarity and Family Ownership in UK Firms

verfasst von | submitted by

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angestrebter akademischer Grad | in partial fulfilment of the requirements for the degree of

Master of Science (MSc)

Wien | Vienna, 2026

Studienkennzahl lt. Studienblatt | Degree programme code as it appears on the student record sheet:	UA 066 914
Studienrichtung lt. Studienblatt | Degree programme as it appears on the student record sheet:	Masterstudium Internationale Betriebswirtschaft
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Abstract - En

This thesis investigates the extent to which the characteristics of strategic leaders influence firms' speed of internationalisation. Drawing on Upper Echelons Theory and the Socioemotional Wealth perspective, the study examines the effect of TMT characteristics on internationalisation, as well as the moderating role of the CEO-TMT interface and family ownership. It hypothesises that TMT diversity is positively associated with the speed of internationalisation, while both CEO-TMT similarity and family ownership negatively moderate this relationship. The empirical analysis, based on a panel of 144 UK firms, supports the hypotheses. This research contributes to the international business literature by examining not only the individual characteristics of TMT members, but also the relevance of the CEO-TMT interface and the type of ownership.

Abstract - De

Diese Abschlussarbeit untersucht, inwieweit die Eigenschaften strategischer Führungskräfte die Internationalisierung Geschwindigkeit von Unternehmen beeinflussen. Auf der Grundlage der Upper Echelons Theorie und der Socioemotional Wealth Perspektive untersucht die Studie den Einfluss der TMT Eigenschaften auf die Internationalisierung sowie die moderierende Rolle der Schnittstelle zwischen CEO und TMT und der Familie Besitzverhältnisse.

Als Hypothese wird aufgestellt, dass die Vielfalt des TMT positiv mit der Geschwindigkeit der Internationalisierung korreliert, während sowohl die Ähnlichkeit zwischen CEO und TMT als auch die Familien Besitzverhältnisse diese Beziehung negativ moderieren. Die empirische Analyse, die auf einem Panel von 144 britischen Unternehmen basiert, stützt die Hypothesen. Diese Forschung leistet einen Beitrag zur internationalen Wirtschaftsliteratur, indem sie nicht nur die individuellen Eigenschaften der TMT Mitglieder untersucht, sondern auch die Relevanz der Schnittstelle zwischen CEO und TMT sowie die Art der Unternehmens Besitzverhältnisse.

Acknowledgements

I would like to express my sincere gratitude to my supervisor, Dott. Dott. mag. Dott. ric. Francesco Debellis DeBellis, for his consistent support and guidance throughout this thesis. This thesis would not have been possible without his guidance. I am equally thankful to my lecturers, in particular Milena Micevski, MA Phh, whose encouragement and support were invaluable during the most challenging part of my studies.

Introduction:

Strategic leadership is one of the foundational layers of business literature. At the core of this discipline is Upper Echelons Theory (UET), which suggests that a firm's strategic choices are a reflection of upper management's characteristics and background (Finkelstein & Hambrick, 1996). Given that internationalisation represents a high discretion strategic choice, it serves as a critical testing ground for UET. This mechanism warrants an even more thorough investigation in the context of Family Firms (FFs) since the controlling family can influence managerial decisions both formally and informally (Cruz et al., 2010; Patel & Cooper, 2014). Understanding how governance structures differ across FFs can reveal potential strengths and weaknesses for the company's growth, as FFs are essential contributors to the global economy. In the United Kingdom alone, FFs account for 93.2% of all private businesses; in 2023 they employed almost 16 million people and generated 2.8 trillion £ in turnover, which is almost half of the UK private sector total (Family Business Research Foundation, 2025).

While the realm of Family Firm Literature has already explored the dimension of Leadership (Fries et al., 2021; Ramón-Llorens et al., 2017), and despite the growth in family firm internationalisation literature (Debellis et al., 2021; Rondi et al., 2021), research on how strategic decisions are formed and implemented in FFs over time remains underdeveloped. This research predominantly examines strategic leadership in contexts where family ownership is dispersed and firms follow efficiency driven logics. This creates a significant gap when applying UET to FFs. In these contexts, strategic leadership must be understood through the lens of Socioemotional Wealth

(SEW), which posits that FFs prioritise non financial goals (such as control, legacy, and family identity) alongside economic objectives (Gómez-Mejía et al., 2007).

The intricate impact of family participation in business on decisions, such as internationalisation, as well as the distinctive modes and outcomes of global expansion in FFs, is still not fully understood (Debellis et al., 2021).

Despite growing interest in family firm internationalisation (Debellis et al., 2021; Rondi et al., 2021), research has yet to systematically examine how the CEO-Top Management Team (TMT) interface operates within family businesses, and how family ownership concentration moderates the relationship between TMT diversity and strategic outcomes such as internationalisation speed. Their unique nature makes them inherently more complex than standard enterprises and requires them to be explored with new theoretical lenses.

This study addresses this gap by asking: How does TMT diversity influence the speed of internationalisation (SoI) in firms, and how is this relationship moderated by CEO-TMT similarity and family ownership concentration?

To address these gaps, this paper builds on previous work (Barkema & Shvyrkov, 2007; Georgakakis et al., 2017) on the CEO-Top Management Team (TMT) Interface, a proxy multivariate measurement, to test its impact on the company's internationalisation efforts and apply it to the context of family firms.

The theoretical model draws from UET (Hambrick & Mason, 1984), integrating SEW perspective (Gomez-Mejia et al., 2007), which is inherently inseparable from the context of family businesses. Drawing on 822 firm year observations from 144 UK based firms collected between 2008 and 2018, the study employs Panel linear regression with random effects generalised least squares (GLS) estimator to test three hypotheses.

First, it examines whether TMT diversity positively affects internationalisation speed. Second, it investigates whether CEO-TMT similarity weakens this relationship by encouraging cognitive alignment and reducing strategic experimentation. Third, it tests whether family ownership concentration (at a 25% threshold) constrains the effects of TMT diversity through SEW preservation priorities.

This study aims to contribute to the field of International Business and Management by exploring how leadership composition and family ownership influence the internationalisation strategies of family firms. By integrating UET with the SEW perspective, the findings indicate that the same executive characteristic (TMT diversity) produces different strategic outcomes depending on the CEO-TMT interface and ownership structure. This integration develops a framework that can explain when and how executive characteristics matter.

Additionally, it offers practical guidance for firms pursuing internationalisation: while TMT diversity represents a strategic resource, its effectiveness depends on managing the similarity between CEO and TMT. Furthermore FFs need to implement governance mechanisms if they want to allow diverse perspectives to influence strategic decisions without threatening family control.

1. Literature Review

Strategic Leadership

Strategic leadership is a central construct in business literature; its aim is to understand company performance from the top. This subject explores how managers can influence organisational outcomes through their decisions and actions (Finkelstein & Hambrick, 1996). The concept per se was used to refer broadly to the role and influence style of individuals at top levels of organisations, however recent efforts were undertaken to give a more specific definition which, neither too narrowly nor too broadly, "functions performed by individuals at the top levels of an organisation (CEOs, TMT members, Directors, General Managers) that are intended to have strategic consequences for the firm." (Samimi et al., 2022, p. 3). Ideally, leaders play an important role: rather than just overseeing day to day operations, effective managers have the responsibility to shape the organisation by providing vision and guidance.

Strategic leadership is a collective endeavour entailing complex relationships between executives, in different hierarchies and functionalities; despite its ubiquity and importance in literature, the mechanisms of its influence remain difficult to pin down (Simsek et al.; 2018). Eden et al. (2020) have investigated this difficulty by arguing that the inherent complexity of international business, driven by the multiplicity of entities, multiplexity of interactions, and dynamism, is the root cause of the field's unique methodological challenges. This challenge is exacerbated as strategic influence must cascade from the upper echelons to individuals in subunits among and between international contexts. To resolve this complexity, Georgakakis et al. (2017, 2023) have turned to microfoundational lens, which explains general organisation behaviour, by focusing on the underlying actions and interactions at the micro level (Contractor et al., 2019; Kano & Verbeke, 2019).

Understanding these mechanisms is important not just for theory, but also for real world decision makers, giving them a realistic picture of how managers can operate, equipping them with the tools to improve company culture and drive their employees to organisational success. (Cannella & Holcomb, 2005).

UET

To find a strategic leadership interface, the Upper Echelons Theory (UET) offers a valuable framework for understanding the leadership behaviours and their effectiveness differ in relation to the backgrounds and cognitive bases of individual leaders. First introduced by Hambrick & Mason (1984), the theory suggests that the organisation's actions and outcomes mirror values and cognitive perspectives of the company's leaders and their observable characteristics, such as age, tenure, education, and work experience among others. The authors of the theory avoid psychometrics as they mention the difficulty of gathering such data, let alone the reluctance of upper level executives to share this type of information (Hambrick, 2007).

The interplay between the Upper Echelon's demographic characteristics and leadership style is an aspect already explored within strategic leadership theory: this discourse often refers back to legacy studies by Hambrick & Mason (1984) and Hambrick's later update in 2007, which proposed that company strategy and performance can be understood and enriched by examining the backgrounds of CEOs and managers. This perspective is based on the notion that personal details, like demographic characteristics, can predict their business decision making tendencies.

Nevertheless, there have been debates over the validity of demographic variables as leading indicators: Lawrence (1997) advocates reducing the number of demographic indicators to as few as possible, since an overreliance on an extensive array of them may dilute UET's explanatory power. This tension underscores a fundamental theoretical challenge: identifying which variables most meaningfully influence leadership style.

Despite Lawrence's criticism of demographic variables, Hambrick's (2007) update on UET keeps considering these characteristics relevant to his theory, as they still offer a useful, while partial, method to predict executive strategies, given the previously mentioned challenge in obtaining detailed psychometric data from top executives.

CEO-TMT

UET has been a fundamental framework for understanding the strategic decision making processes at the highest levels of management. However, Jackson (1992) raises a key criticism of the model: that it treats the TMT as one uniform entity, without considering the hierarchy disparity between the CEO and other key executives, neglecting the varying degrees of influence and decision making power among its members.

Cannella and Holcomb (2005) further argue that this homogeneous view only applies to some companies as they operate with different power dynamics and leadership roles.

Examining the structural dynamics of managerial hierarchies, the term "interface" describes the interplay between the CEO and the TMT. While Klimoski and Koles (2001) did not explicitly define this term, it can be inferred from their work as the dynamic and influential relationship between the senior organisational leader and the collective group of top management team members. Building upon this dynamic, Georgakakis et al. defined the CEO-TMT interface as "*the linkage and interaction between the CEO and other top managers*" (2022, p.1); with this notion of "interface," they encapsulated an area of interaction marked by mutual influence and reciprocal dynamics. This concept explains how the CEO can influence the dynamics of the TMT and vice versa: the TMT itself can also shape the CEO's decisions and, by extension, the strategy of the entire firm. Thus, the CEO-TMT Interface addresses and supplements the previously mentioned criticisms of UET, proposing an interdependent view on governance structures.

A notable consideration of micro level interactions within the context of strategic leadership literature comes with Georgakakis et al. (2022). Their research proposes that the strategies and actions undertaken by an organisation are not only the result of top down decisions but emerge from the interplay between CEO and the TMT. The complex dynamics at this level are instrumental in shaping organisational direction and reflecting the impact of interpersonal exchanges on strategic actions and outcomes.

Building on this, Georgakakis et al. (2023) further specify that these micro level interactions manifest across all international decisions made by strategic leadership, which depends on how well shared characteristics within the CEO-TMT interface are aligned. This alignment is crucial for strategic decision making, and has significant implications for the management of Faultlines "*hypothetical dividing lines that may split a group into subgroups based on one or more attribute*" (Lau & Murnighan, 1998, p. 5) as shared attributes can both increase and mitigate side effects arising from divisions within a team.

Faultlines and Diversity

In the dynamics of strategic leadership, faultlines within teams represent significant challenges. The term is used to describe hypothetical alignments that divide a group into subgroups based on one or more professional but also demographic attributes (Barkema & Shvyrkov, 2007; Bezrukova et al., 2009). These distinguishing attributes can be sociographic (like age, sex and ethnicity), professional (such as educational background or functional expertise), or any other characteristic that might differentiate team members. These characteristics will effectively divide the team into subgroups that, once formed, can significantly impact overall dynamics leading to potential conflict, communication challenges and changes in the decision making process of the TMT (Lau & Murnighan, 1998).

An illustrative case of such faultlines can be observed when members of a TMT identify more with their subgroup than with the team as a whole, and they might prioritise subgroup interests over collective goals, leading to conflicts and inefficiencies (Li & Jones, 2019) potentially undercutting long term performance trajectory of the firm. Researchers (Certo et al., 2006; Chatman & Flynn, 2001) suggest that these dysfunctional faultlines can rise in a highly diverse TMT, when members subconsciously categorise one another into subgroups based on demographic differences. However, Barkema and Shvyrkov (2007) suggest that tenure diversity can act as a mitigating factor by preventing managerial entrenchment and forcing TMT to engage in cooperative communication. Boeker (1997) warns that longer tenured TMTs show greater commitment to the status quo and reduced receptiveness to strategic change. Chatman & Flynn (2001) observed that these negative effects fade over time with longer shared tenure, as the continuous contact and growing of shared experience enables team members to improve their cooperation.

Under certain conditions, faultlines have also been argued to have positive effects on group outcomes, depending on their type and magnitude. Diversity in work experience and education, also called Information Based faultlines, has been linked to higher levels of performance (Bezrukova et al., 2009) as the shared identity within the group can preserve cohesion and thus minimise performance loss.

Therefore, understanding faultlines is an indispensable aspect of managing team dynamics to promote harmony and bolster effective collaboration within organisations.

Crawford & LePine (2013) suggest that a strong leadership can prevent the negative effects of faultlines. Therefore it becomes important to find a way to measure and understand the CEO-TMT Interface.

To understand how research on the individual characteristics of the CEO-TMT interface compares to traditional research on TMTs, the paragraph will briefly explain the difference between TMT diversity and CEO-TMT similarity. While at first sight, the two concepts might seem like the opposite of one another, that is not the case. The former is only about the TMT and the diversity of attributes within it, without considering the CEO. This diversity can bring more viewpoints, expand the skill pool, and foster innovation. While the latter focuses on the similar shared attributes between CEO and TMT. This similarity can nurture cohesion, improve communication and reduce conflicts.

CEO-TMT interface from similarity to diversity

While TMT diversity captures the range of differences among members of the upper management, a more comprehensive perspective shifts the focus to the alignment between CEO and TMT attributes: this is referred to as the CEO-TMT similarity.

Researchers who explored CEO-TMT similarity, suggest that it can mitigate the adverse effects of faultlines on firm performance (Georgakakis et al., 2017; Mäs et al., 2013), potentially fostering a more cohesive and high functioning team. This research followed the proposition that a dominant leader can enhance cohesion and alignment in a group (Crawford & LePine, 2013).

The implications for strategic leadership are significant, indicating that the similarity of attributes within the upper echelons of management could be a pivotal factor in navigating the challenges posed by faultlines and leveraging them for organisational benefit. Teams with CEO-TMT similarity are better equipped to work together effectively, influencing everything from knowledge transfer and decision making efficacy to the broader strategic manoeuvres and internationalisation efforts of the firm.

One way CEO-TMT similarity manifests is through shared demographic backgrounds, as reflected in age and sex. Georgakakis et al (2017) chose these sociodemographic characteristics based on the work of Tsui et al. (1992), who propose that in the workplace, people use social characteristics to define organisational groups divided by self identity.

While sociodemographic characteristics can represent how TMTs get socially categorised and differentiated interpersonally (Georgakakis & Ruigrok, 2017) It is also notable that in teams with similar sociodemographic attributes, Chattopadhyay et al. (2004) found a positive effect on group cohesion, knowledge sharing and communication. The latter results by Georgakakis et al. (2017) found that similarity in this dimension positively affects knowledge transfer and firm performance.

Sociodemographic attributes are just one part of what makes up similarities and differences,other papers have focused on factors such as experience. On a study on 129 Chinese firms, Ling et al. (2015) find that CEO-TMT dissimilarity correlates with enhanced organisational performance. Their study diverges from Georgakakis et al. (2017), in its approach to measuring demographic characteristics: Rather than using traditional demographic attributes such as age and sex, Ling et al. opted to assess education, field of study, and functional speciality.

By incorporating aspects of educational and functional experience, Ling et al.'s study enters the realm of informational diversity (experience), concluding that such diversity can only predict improvements in organisational performance when an extended overlap in tenure aligns with this diversity. yet, whether experiential diversity translates into better performance, is contested: In a field study of 92 teams, Jehn and colleagues (1999) found that informational variety contributes to a team's richness of skills and resources. However, while experience diversity might be associated with a team rich in knowledge, skills, and resources, research on TMTs by Cho et al. (1994) indicates that it can lead to significantly slower decision making response times than teams with a similar experience base.

Similarly, Certo et al. (2006) posit that high Diversity in the functional backgrounds and experiences of TMT members can benefit the company by enabling the team to consider a broader range of strategic choices, alternatives, and perspectives.

Additionally, Mohr and Batsakis (2019) have shown that International Experience within the TMT tends to drive a firm's internationalisation speed. However, their findings also reveal a tipping point: beyond a certain level, accumulated international experience may hinder adaptability. Highly experienced TMT members might indulge in overconfidence, thus becoming resistant to new approaches and less adaptable to drive the company into diverse markets.

These findings highlight that TMT diversity alone is not sufficient for improving organisational performance; it requires a mechanism for integration. The CEO-TMT interface by Georgakakis et al. (2017) is this integrating concept, which can explain the variety of research results with the modulating role of the CEO: the leaders' diversity in the professional background can successfully manage TMTs with low similarity in experience, by reducing the friction between subgroups and enhancing overall team performance.

However, the advantages of functional diversity may not be fully realised in the absence of a unifying factor: shared tenure among the executives, which can either amplify or mitigate the effects of experiential diversity within the strategic leadership discourse, as noted by Certo et al. (2006).

Research suggests that firms led by executives with prolonged and shared tenure are more inclined to develop strategies that are not only consistent but also in harmony with prevailing industry norms, often matching benchmarks within their sectors (Hambrick & Finkelstein, 1987; Buyl et al., 2011). Nevertheless, the extant literature warns of the potential pitfalls of excessively long tenure.

Coles et al. (2020) highlight the risk of such excess, leading to an environment where consensus is overly prized and a culture of herd mentality that can stifle innovation and critical analysis, also called Groupthink (Janis, 1982; Ling et al., 2015). Exploring how tenure affects performance, Finkelstein & Hambrick (1990) provided empirical evidence that extended common tenure within the executive team significantly influences organisational strategy and outcomes: firms with such executive continuity tend to adhere to consistent strategic paths that often align with and outperform industry norms.

Furthermore, the relationship between tenure and a firm's propensity to internationalise has also been scrutinised. According to Barkema & Shvyrkov (2007), firms are more likely to expand into new international markets when a TMT’s tenure is coupled with educational diversity. This suggests that while shared tenure contributes to strategic stability, shared tenure alongside educational diversity improves a firm's ability to internationalise. This is supported by Ling et al. (2015), who found that shared tenure can foster strategic alignment and mutual understanding, thereby enhancing performance outcomes.

These dimensions suggest that the strategic effectiveness of the CEO-TMT interface depends on how similarity and diversity (across sociodemographic, experiential, and tenure attributes) are balanced within the upper echelons.

Leadership Styles and Family Dynamics

"Leadership styles and behaviours are defined as ways in which the leader influences the behaviour of the employees to provide directions and goals through motivation and the definition of rules (Fries et al., 2021, p. 1).

Previous research (Bass, 1985; Sorenson, 2000) has identified a variety of leadership styles in family firms: participative, autocratic, laissez-faire/mission, expert, and referent. These styles appear to be influenced by the firm's generational stage and the degree of family involvement. In addition to these styles, Fries et al. (2021) have also highlighted recurring leadership behaviours specific to the family firm context, including entrepreneurial, nepotistic, paternalistic, stewardship, and supportive.

According to Dawson and Hjorth (2012), leadership type can be inferred from how FF employees describe and interpret their experience. Their analysis of employee accounts highlights how recurring themes reflect organisational culture and its relational dynamics, which shape leadership practices over time. According to their interpretation, leadership is not only an objective performance, but is also socially constructed through stories and shared experiences.

Consistent with these insights, Ensley & Pearson (2005) found that leadership behaviours within the TMT, particularly cohesion and conflict management, are critical for fostering team effectiveness and performance in FFs. Ensley et al. (2007) further indicate that pay dispersion (differences in compensation within the team) generally increases conflict and diminishes cohesion, thereby impeding an optimal decision making process. In FFs, where ties among team members are close and resilient, such dynamics may increase TMT vulnerability to the adverse effects of pay dispersion (Ensley et al., 2007).

Such styles are frequently influenced by family values, personal relationships, and the desire to maintain control in succeeding generations, with Fries et al. (2021) adding that these are deeply rooted in various family and firm aspects, often reflecting a unique approach to decision making processes. However, they also acknowledge that research to date has not yet clarified which specific styles and behaviours FF leaders prefer or how these choices ultimately impact company performance. These preferences matter, as leadership style shapes the strategic decision-making processes, influences the speed and scope of internationalisation, and can determine effective succession planning. Without clarity over this phenomenon, neither professionals nor scholars can predict how leadership dynamics will affect long-term competitiveness.

By examining how leadership styles interact with ownership structures and managerial diversity, this study aims to address a part of the knowledge gap noted by Fries et al. (2021) and expand understanding of strategic leadership in these contexts. Nevertheless, not all scholars agree that leadership styles in family firms are unique. Some studies argue that, while certain leadership behaviours might be a consequence of family ownership, the underlying patterns are often similar to those found in non-family firms (Chrisman et al., 2012). This perspective suggests that the family specific distinctiveness, observed by Fries et al. (2021) may rather be context dependent, arising from specific cultural, industry, or generational circumstances.

It is equally important to consider the individuals who occupy these leadership positions, as the family's direct involvement in selecting the firms' executives fundamentally shapes styles and behaviours that are performed and experienced within the firm.

FFs tend to staff key leadership roles with family members, ensuring the CEO maximises family prosperity and retains control over the business, provided the benefits outweigh the costs (Lin & Hu, 2007). These leaders may include the founders, descendants, or other family members with a significant stake in the business. The involvement of family members in leadership positions can be both a strength and a challenge: on one hand, long term engagement with the company enables family members to profoundly impact every aspect of the business's operations (Arregle et al., 2007), providing a solid sense of commitment (Pistrui et al., 2000) and influences long term vision of the company (Conger & Kanungo, 1994).

On the other hand, family dynamics add a layer of complexity when aligning the interests of different business stakeholders, potentially giving rise to role conflicts that may undermine company performance (Memili et al., 2015).

The Role of Socio Emotional Wealth in Family Firms

The SEW perspective is a valuable theoretical lens to understand how FFs engage in decision making processes. It aids in assessing the true motivations of family owners and workers within these structures by expanding understanding of FFs beyond the confines of previously utilised theories. A key contribution of this expansion is the consideration of non-financial aspects (Gómez-Mejía et al., 2007), which offers a more nuanced view of risk preferences, acknowledging the balance between positive and negative outcomes (Berrone et al., 2012).

This perspective takes into account the dual nature of financial goals and emotional values that family members typically consider. These factors influence business decisions, revealing how merging familial relationships and business processes cannot be explained by conventional business theories. These two aspects can significantly affect every dimension of the firm's behaviour, from its ownership structure to its daily operations.

By including these non-financial aspects, the SEW perspective offers a useful framework for integrating existing theories, thereby explaining the distinctive nature of FF operations. As Sharma (2004) identified, by prioritising emotional and relational over economic dimensions, the SEW framework enables more accurate predictions of managerial choices aimed at preserving these multifaceted socioemotional factors. SEW allows a deeper understanding of family firms' unique motivations and decisions, reflecting a blend of personal ties, generational legacy, and financial objectives.

This comprehensive approach addresses a roadblock identified by Sharma et al. (1997): early FF literature was largely descriptive rather than prescriptive. The SEW perspective advances the field of business literature by recognising and balancing the emotional and relational needs of the family with the economic objectives of the business, enabling both dimensions to coexist in harmony.

FF Heterogeneity and Definition

It is important to note that the differences in outcomes and interpretations discussed in FF literature, could likely be a byproduct of the inconsistencies of how the authors defined what define a business as FF: Family owned businesses are not a homogenous entity; they can comprehend a wide range of differences based on the family's involvement in management, in board participation, ownership or a combination of these. Alessandri et al. (2018) underscore this point, noting that it is crucial to acknowledge how FFs diverge depending on how they are defined as family businesses, before predicting their behaviour and strategic decisions, such as internationalisation patterns.

This inconsistency in definitions presents a limiting factor when comparing previous literature that attempts to explain how FFs behave strategically. The following sections will examine key studies on FF strategic behaviour to better illustrate how heterogeneity in outcomes often stems from fundamentally different assumptions about how a FF enters foreign markets.

FF Internationalisation

Some studies have encountered that the strategies that FFs implement to safeguard their SEW might have a negative impact on the levels of internationalisation activities (Menendez-Requejo, 2005), as the family might be less inclined to take business decisions that, despite being potentially profitable, might disturb the family's control and identity within the company or generally the status (Gomez-Mejia et al., 2010; Fernandez & Nieto, 2006) thus internationalising less than their non family counterparts.

These SEW preservation attitudes can make family officers wary of business decisions that might introduce uncertainty and disrupt control over the firm and the family's identification with it (Arregle et al., 2017). Consequently, FFs need help balancing the pressure to maintain family values and traditions locally with the benefits arising from global expansion (Nordqvist et al., 2015), sometimes avoiding expansion beyond their domestic market.

Research on FF internationalisation was mostly limited on whether FF internationalise less or more than their non family counterparts; Debellis et al. (2021), through a comprehensive literature review, have shed light on the topic and underscored the complexity of varying and sometimes conflicting results, indicating that their internationalisation is influenced by a multitude of factors.

Within their literature review, they present the existing mixed outcomes, where some researchers suggest that FF are less prone or slower to internationalise in comparison to non family businesses (Pukall & Calabrò, 2014), while others suggest that FF are more inclined to internationalise due to their interest in fostering and preserving non financial values. The latter school of thought follows the theoretical lens of SEW perspective to distinguish FF' distinctive approach to business in the international market.

The research by Pukall & Calabrò (2014) proposes that certain FFs appear to internationalise at a slower pace relative to their non-family peers: starting slowly but accelerating their international expansion once internal capabilities and trust based networks are developed. This initial hesitancy can be interpreted as follows: family executives can display reservations towards establishing ties with parties external to the family and committing resources that the internationalisation process demands in the first place, following the logic that a family officer will try to maintain control and mitigate risks associated with expanding the business out of the family's boundaries.

Furthering this discourse, Banalieva & Eddleston's (2011) results highlighted that FFs tend to have a more limited geographic scope, often operating closer to their home region.

Arregle et al. (2017) conducted an extensive analysis that distinguished FFs by Family Control (influence over strategic decisions), Family Ownership (equity held) and Family Involvement (participation in management), allowing for a more nuanced understanding of their internationalisation behaviour. It is worth noting that Arregle et al.'s study drew upon a comprehensive sample collected from 76 different studies encompassing companies from 41 different countries. The authors found no statistical difference in the number of foreign subsidiaries between FFs and non family firms in when these are defined by family ownership, management or both.

These results underscore the need for a tailored analysis method to make sense of FF Internationalisation, which can vary in results by the interplay of family control, ownership dynamics, and generally, the impact rising from the degree and mode of family involvement. The already established SEW lens can offer valuable insights to interpret further and harmonise these otherwise contradicting results on their internationalisation.

Companies typically enter the global market to seek new opportunities, reach economies of scale, and get access to new resources. While this international expansion does not always enhance firm performance in the short run, and can vary by stage and industry, Contractor (2007) notes that most studies suggest a positive relationship between a company's degree of internationalisation and financial performance.

Additionally, Internationalisation is more than an opportunity for expansion and risk mitigation (Rugman, 1976); some researchers argue that internationalisation is not merely a growth strategy but a critical move indispensable to not be left behind by competitors (Claver et al., 2008; Narula & Verbeke, 2015). While offering potential benefits, expanding abroad also carries additional operating costs and uncertainties (Contractor, 2007). FFs overlay these objectives with their unique familial concerns and aspirations.

FFs enter the internationalisation process to follow both the traditional economic goals and the additional dimension of preserving and building up the family's emotional endowments, including upholding its legacy, reputation, and values across borders.

While it is safe to assume that FFs internationalise for the very same reasons as their non family counterparts, it is still not fully understood what pushes FFs to expand globally and which methods they choose (Debellis et al., 2021), as their peculiar family hierarchy embedded in their structure, makes them inherently different to standard enterprises and requires them to be studied with new combinations of theoretical lenses.

Family involvement and Family ownership on internationalisation

As discussed in the paragraph on heterogeneity and definition, inconsistent interpretations of what constitutes a FF continue to undermine comparability across studies. This issue resurfaces frequently in the FF literature, where the distinction between family ownership and involvement is often blurred, leading to conflicting results, especially regarding internationalisation.

The confusing utilisation of different categorisations of FF, might be able to shed light on the conflicting results, such as Zahra (2003) and Fernandez and Nieto (2005). While Fernandez and Nieto (2005) claim that internationalisation is negatively related to family ownership, their methodology reveals that they actually measured ownership as the family's involvement in management, with a binary dummy variable (0 or 1) rather than a continuous ownership percentage, as they do not know whether said ownership comes with which control rights.

On the other hand, Zahra (2003) clearly distinguishes between actual involvement and family ownership, measuring ownership directly with the actual percentage of equity held by the controlling family; his results illustrate Family ownership as a reinforcing factor on internationalisation, while involvement may not have the same consistent effect.

Sciascia et al. (2012) strive to explain previous conflicting results on the effect of family ownership on internationalisation, while emphasising the importance of distinguishing between family ownership and involvement, as Zahra had done before them. Their research demonstrates a nonlinear relationship between ownership and internationalisation, identifying an optimal ownership level of 53% that maximises international entrepreneurship. Sciascia et al. then progressed their research (2013) by exploring the correlation between internationalisation and family involvement within the board, finding that a lower level of family involvement leads to higher international sales. Notably, they report that internationalisation reaches its lowest point not at a complete family board control, but when it is at 76%.

The non linear association between ownership and internationalisation (Sciascia et al., 2012; Mitter et al., 2014) was recently challenged by Debellis et al. (2023). While not replicating the former's outcomes, the latter proposes instead that it is not family ownership per se, but rather the family influences the company's internationalisation strategy through the board membership. Thus concluding that these family directors dissuade FF away from international markets, in favour of their domestic markets. Family board membership can have negative effects, as high family ownership may nurture an overly rigid organisational social capital, leading to issues such as groupthink, resistance to innovation, and dysfunctional power dynamics (Arregle et al., 2007). However this effect is moderated by firm size and age (Arregle et al., 2007; De Massis et al., 2018), it can impact negatively in the early stages of a firm, but eventually transform into a positive one, thus fostering international expansion.

Progressing the debate, Cerrato and Piva (2012) demonstrated that family management negatively affects export disposition, considering management as the defining factor of a family firm. Based on their outcome from a study of 1,324 Italian SMEs, they also found that once the family business decides to internationalise, their degree of internationalisation and geographical scope are actually similar to their non-family counterparts.

Besides the different family factors, external influences, like non-family directors, can influence a FF's international scale but might limit diversification in foreign markets (Arregle, Naldi, Nordqvist, & Hitt, 2012).

To summarise the complexity of defining what constitutes a family business, Chua et al. (2012) have indicated that the variety among family firms, depending on how much of them is family owned, managed or controlled, might be more significant than their differences towards non-family companies.

Loss Aversion

While some literature (Athanassiou et al., 2002; Górriz & Fumás, 1996) has previously considered FFs as being generally risk averse, other research has reframed this behaviour in terms of loss aversion, the tendency to prefer avoiding losses rather than acquiring gains (Tversky & Kahneman, 1986, 1991).

In the FF context, Wiseman & Gómez-Mejía (1998) applied loss aversion to explain how decision makers may accept higher risk when facing potential losses, particularly when those losses involve SEW. Building on this concept, Gómez-Mejía et al. (2007) presented empirical data showing that FFs may engage in more risky decisions if it can prevent them from losing control over the company.

Therefore, the desire to preserve SEW can also be a catalyst for internationalisation, when a family executive believes that going global can be a way to shield the family's assets from jeopardy (Pukall & Calabrò, 2014).

FFs represent a highly heterogeneous group with different levels of family involvement and emotional attachments (Berrone et al., 2012); this diversity in defining what constitutes a FF amplifies the range of outcomes observed in FFI research, with the variance further compounded by the unique approaches these firms take in perceiving and managing potential SEW losses.

This loss aversion typically leads FFs to utilise and recycle their internal capital rather than seeking external financing, as Sánchez Pulido et al. (2022) point out.

However, some family officials may pursue ventures with greater potential for loss, motivated by overconfidence or a lack of concern for consequences (Gómez-Mejía et al., 2007). This unconventional stance could lead to decisions that, while bold, may not fully account for potential adverse outcomes. Conversely, Gómez-Mejía et al. (2011) suggest that family principals might strategically choose to internationalise their operations to diversify and mitigate potential losses; by not anchoring all their assets in a single domestic market, they aim to spread their exposure and protect the family's socioemotional wealth.

These diverse descriptions of internationalisation approach emphasise the complex behaviours towards potential losses present within family firms, which might seem contradictory with non-family specific theories, but find explanation under the SEW perspective.

Theoretical Framework: SEW + UET

"The use of upper echelon theory in the study of TMTs in family firms is essential" (D'Allura, 2019, p. 1) as it is the underlying premise of the SEW perspective: both theories suggest that key decision makers in a company will engage with certain business decisions based on their personal characteristics, which significantly impacts the outcome of the business they operate in.

In the case of SEW, the upper echelons are composed of the family members present in either management, board of directors or the owners. In this role, they can affect organisational outcome based on their family related goals and values. Therefore, SEW can be categorised as an application of UET to Family Firm research.

Given that UET explains company strategy through the characteristics, values, and experiences of its top executives, it seems reasonable that, in a FF, the non financial objectives of the executives, as characterised by the SEW perspective, would influence their strategies and goals, aligning them with the controlling family's interests.

After all, SEW and UET are not from different research realms: both perspectives describe the actions of business actors based on their background; UET on the experiences, values, and personality of executives, while SEW on their relation to the company's founding or controlling family.

Leadership in FFs concentrates on achieving cross generational governance by setting a clear vision and goals for the company to address the family's socio emotional needs (Sharma et al., 1997). In a FF, this process is covered both by UET and SEW perspective. Thus, this paper follows the example by Kraiczy et al. (2015) using both theories, who proved that SEW is a strong, family firm specific, reference which mutually and respectively affects the decision making, behaviours and characteristics of executives in the Upper echelons.

UET traditionally refers to dispersed ownership Multi National Enterprises (MNEs) that follow an efficiency logic. Therefore, its application to FF demands adjustments to allocate SEW perspective:

Non Family Firms tend to, at least officially, appoint positions through meritocracy. However, in a FF environment, it is logical to expect changes at this level due to bifurcation bias: a unique affect based barrier to efficient decision making in family firms where heritage assets are systematically considered to have special meaning or value for the family and, therefore, receive preferential treatment (Kano & Verbeke, 2018), leading to the assumption that many positions will be handed either to family members or employees whose priorities align with SEW preservation.

UET was designed for business dynamics without external hierarchies; thus, the theory must be expanded to allocate family power dynamics vertically, intragenerational, and horizontally, between siblings or cousins.

Given UET's focus on the experiences, values, and personalities of top executives, the influence of the SEW perspective within a FF must be addressed.

TMT in family firms

Viewing family firms through the lens of UET highlights the role of the TMT, particularly given that its composition is often shaped, directly or indirectly, by the controlling family. Ensley et al. (2007, p. 2), citing Gersick et al. (1997), note that “Family TMTs may consist of the founder, family members, multiple generations of the family, spouses, siblings, children and other familial relations“, making them structurally and behaviourally distinct from those in non-family firms. As Ensley et al. (2005) and Chua et al. (1999) emphasise, the presence of family alters the strategic dynamics in ways that outsiders “do not and cannot,” embedding family logic into firm-level decision-making.

This complexity is echoed in the work of Nielsen and Nielsen (2011), who investigate TMT composition, in particular based on their international experiences and national diversity and how this influences company strategy. They find that TMTs with diverse nationalities tend to choose shared control entry modes like joint ventures. In contrast, TMTs with more international experience are confident enough to prefer full control modes, such as acquisitions.

The familial effect on the TMT can both complicate and enrich the explanation of how a Family Firm works under UET. Patel and Cooper's work (2014) on structural power equality between family and non-family TMT members illustrates this complexity. They note that these groups have different strategic goals based on their power position and alignment. For instance, Non Family Managers (NFMs) prioritise things such as firm growth, profitability, and personal career advancement, as previously supported by Chua, Chrisman, and Bergiel (2009). Furthermore, Bunderson and Reagans (2011) argue that family TMT members with higher ownership power may disproportionately influence strategic choices, potentially disrupting the collective learning process.

The role of the TMT is thus further complicated as it is expected to transcend the paradigms of both UET and SEW to implement strategies and drive both familiar and company success. While this might bring to the conclusion that the inclusion of the Family aspect within UET might bring adverse side effects, some researchers (Nordqvist, 2005; Ensley & Pearson, 2005) have gone as far as arguing the opposite: Family Affiliated TMTs were observed to be more effective than Non family TMTs in decision making and strategic planning. This advantage is attributed to familiness, the unique and synergistic resources created by the overlap of family and business systems; Nordqvist (2005) discusses this potential source of competitive advantage, and builds it as a multivariable construct including factors such as the generational control, ownership concentration, and the degree of family involvement in top management teams. Ensley & Pearson define family TMTs based on the presence and closeness of family ties, distinguishing between teams with parent-child relationships and those with more distant relatives like siblings or cousins. This phenomenon can be attributed to family TMTs often having pre established, enduring social frameworks, which provide effective dynamics crucial for addressing market pressures, existing even before the initiation of the business venture.

The complex dynamic of TMTs in Family Firms and their affiliation to the family is further enriched when we consider the diversity of effects that non family actors can have in a firm's upper echelons: Binacci et al. (2016) make an exception in FF literature and move the focus to non family managers examining how their characteristics can affect the company. Their research refutes the assumption that non-family managers have a more objective approach to business decision making (Dyer, 1989; Klein & Bell 2007) dismissing these as "anecdotal" (p. 12). The authors based their research on 500 Italian family firms and interpreted the results by testing them against the firm's financial information. In the process they argue that a combination of family and non family managers can collaborate to bring the best of both worlds, the former protecting their SEW endowments while the latter protects the financial goals, fostering a balance between the objectives and thus leading to better company performance.

The CEO in family firms

As the dynamic within TMTs in family firms continues to be a focal point in the literature, the same criticism raised towards general Upper Echelons Theory remains consistent within the realm of Family firms. Even in a Family Firm, the CEO still holds a more significant role in comparison to the remaining TMT, reflecting the central role coming with the job title.

While the original criticism on UET (Jackson, 1992) highlights the CEO's inevitable dominance over the TMT, this dynamic is less straightforward in Family Firms where the power might be more diffused due to the family influence on the business, especially when the CEO is not a member of the family.

This different structure reinforces the peculiarity of Family Firm literature, where the interplay of CEO-TMT interface and family ownership can lead to strategies and actions leading towards SEW preservation.

While the importance of the CEO has already been explored in business literature in general, the interdependencies between its role and the remaining TMT are even more peculiar in the context of family firm literature, as a family firm's range of top executives' decisions and characteristics intertwine closely with business performance and family dynamics.

Analysing 1,005 Spanish family businesses, Sánchez Pulido et al. (2022) reveal that CEO characteristics, such as educational background, previous professional experience, tenure, and family membership, significantly influence internationalisation strategy choices, with additional impacts from business size and sector. They found that the educational background of the CEO is positively linked to the adoption of an exportation strategy. Additionally, being a tenured CEO shows a positive effect on an internationalisation strategy based on direct investment, but a negative effect on establishing strategic alliances.

To provide a more detailed examination of the CEO role in family firms, Skorodziyevskiy et al. (2024) conducted an extensive literature review of 175 articles. Their study reveals that CEOs of family firms, whether part of the family or not, vary significantly in characteristics that can be observable, such as ethnicity and education, as well as psychological, like personality and political ideologies.

Furthermore, CEOs of FFs differ vastly even from each other: their differences are crucial due to the unique blend of family and business dynamics they navigate, impacting decision-making, succession, and strategic direction. Therefore, FF CEOs have to balance SEW goals with business goals, thus contributing to the broad heterogeneity observed in FFs (Chua et al., 2012).

Family Firms are not exempt from the effects of the Top Management Team on the business strategy: CEO aside, TMT members undeniably contribute to this relationship, offering an even broader perspective on how management and leadership will affect the company strategy and performance.

CEO-TMT Interface in FF and its Influence on Strategy:

The interaction between the CEO and the TMT is likely to differ in a FF due to the influence the family has over the firm. Therefore it is important to understand how the Family nature affects the CEO-TMT interplay.

While there are several official and non official factors that the nature of a FF can reflect on the CEO-TMT interface, a study by Cruz, Gómez-Mejía, and Becerra (2010) helps us clarify some of these aspects, detecting that a higher concentration of ownership usually leads to a CEO-TMT collaboration. Their research on CEO-TMT relationships in Family Firms found that in the case of high CEO-TMT similarity, the CEO perceived the TMT’s action as benevolent. This benevolence was measured by interrogating the CEOs and it can stand as a proxy for how these CEOs trust their TMTs.

However, in their case CEO-TMT similarity was coded as family membership, a high similarity meant that both CEO and TMT members were family affiliated, while greater dissimilarity meant they weren’t related to the Firm’s controlling family. It is clear that to analyse the relationship between CEO and TMT within family firms, if researchers have the opportunity to do so, they would need to make a distinction between Family Owner Managers (FOM) and NFMs within the TMT. The balance or imbalance between these two groups can impact their diversity and similarity.

High family ownership influences the firms' strategic choices (Zahra, 2003), and its effect on the Upper Echelons composition. Patel & Cooper (2014) argue that family ownership can result in increased selection of family members for upper management positions, suggesting that family owners also have authority in the selection of NFMs as well. Through this appointment decision power, family shareholders can play a significant role in guiding the company's strategic direction, including activities like internationalisation which will be explored in one of the following sections of the literature review.

Managerial Discretion In Family Firms

Family Ownership has been linked to a lower level of Managerial Discretion by Martinez Ferrero et al. (2016). Their empirical study on 20 countries, outlines how family owners are able to apply more pressure on the TMT, restricting the decision making power even of Non Family Managers so that they can not use their authority to their advantage.

The interplay of mutually influencing factors highlights the intricate dynamics between family ownership, the CEO-TMT interface, and the strategic direction of FFs.

For example, an activity such as global expansion is resource intensive: a FF needs executives up to the task and a higher information processing capability (Gomez-Mejia et al., 2011). To accomplish said task, the family might have to expand its management team to Non Family Managers (NFM), which FFs might not be willing to do in order to retain their control over every facet of the company (Gomez-Mejía, Makri, & Kintana, 2010), however FF might be deterred from opening up to external resources.

While a balanced inclusion of NFMs and FOMs has been proven to have a positive effect on internationalisation (Arregle et al., 2021), family ownership can further facilitate this synergy by fostering a cohesive vision and shared goals.

Although a concentration of family managers was linked to poor knowledge integration (Kerai et al. 2023), which can hinder internationalisation, this drawback can be mitigated by higher family ownership. When ownership concentration encourages collaboration in the Upper Echelons, it can counterbalance the negative effects of managerial homogeneity and support more effective internationalisation efforts, consistent with SEW preservation goals.

Faultlines in FF

Even in family firms, faultlines can develop among the upper echelons, and they can be particularly pronounced and complex due to the intertwining of familial interests and business dynamics. They may arise not only from individual characteristics but also from differences in the managers' SEW preservation tendencies, potentially fragmenting the upper echelons and reducing business effectiveness (Sciascia et al., 2013).

While there is also research (Li et al., 2024) that says that faultlines can also have positive impacts on FF performance, this paper will continue with the aforementioned view, treating faultlines as a source of conflict and inefficiency in FFs.

Minichilli et al., 2010, researched the effect of faultlines in family firms and their results indicate that,the presence of both family and non family managers in the TMT was observed to cause divisions within subgroups: their coexistence in the upper echelons can prove problematic because of their different priorities, which then has negative influence on the company's performance.

That being the case, it is worth mentioning that strong faultlines have been linked to lower performances even in FFs within TMTs composed entirely of family members (Calabrò et al., 2020).

Synthesis and Hypothesis Development:

SEW can help explain why UET alone does not consistently predict the behaviours of FF. This is why integrating the two theoretical frameworks can help us understand the nuanced dynamics within FF.

Internationalisation may threaten a family firm's SEW by diluting family control and influence or the family's identification with the firm, and these considerations could, therefore, impact the mutual effects of internationalisation and CEO-TMT similarity.

To further explore how SEW influences the mechanisms proposed under UET, this study aims to find out whether the phenomena observed in literature on the CEO-TMT interface and their effect on internationalisation hold up in the Family context.

To empirically test these relationships, the following section outlines three hypotheses regarding the effect of TMT diversity on the speed of internationalisation and how this relationship is shaped by CEO-TMT similarity and family ownership.

TMT Diversity and Internationalisation

UET proposes that executives' characteristics influence organisational outcomes (Finkelstein & Hambrick, 1996).
More specifically, TMT composition plays a critical role in shaping strategic outcomes, the diversity of its members is recognised to be a driver of a firm's competitiveness and its ability to identify and exploit new opportunities. The TMT can be more similar or diverse among its members, reflecting variations which can be demographic (e.g. age and sex), or cognitive (such as functional expertise, education and career paths).

First, diversity contributes to enhanced problem solving and opportunity recognition. This has been empirically supported by studies showing that informational diversity enhances strategic decision making by expanding the firm's problem solving capabilities (Bezrukova et al., 2009). Certo et al. (2006) and Nielsen & Nielsen (2011) also find that diversity can lead to richer strategic alternatives, especially critical when entering complex foreign markets. Barkema & Shvyrkov (2007) observed that TMT diversity leads to higher awareness on various issues, resulting in increased internationalisation.
Although diversity may increase coordination costs (Cho et al., 1994; Bezrukova et al., 2009), especially in high stakes contexts like internationalisation, its benefits tend to outweigh the drawbacks when appropriately managed. Diverse TMTs provide a broader pool of perspectives, supporting the firm's ability to assess risks, and to identify, evaluate, and act on opportunities, such as entry into new markets (Barkema & Shvyrkov, 2007; Mohr & Batsakis, 2019).

Therefore, it is hypothesised that TMT diversity can act as an enabling factor for faster internationalisation, by contributing broader perspectives and facilitating strategic responsiveness to global opportunities.

Hp1:

TMT diversity positively influences the speed of internationalisation.

Moderating Role of CEO-TMT Similarity

According to UET, executive characteristics shape firm level outcomes. However, early UET applications were criticised for treating the TMT as a uniform block. Jackson (1992) and Cannella & Holcomb (2005) highlighted that this overlooks the internal hierarchy and the central role of the CEO. Later research refined this perspective: Georgakakis et al. (2017) built on Klimoski and Koles (2001) conceptualising the CEO-TMT interface as a site of mutual influence, where the relationship can either enhance or restrict the strategic potential of the team.

Empirical research demonstrated that the CEO-TMT interface plays a critical role in enabling or suppressing the advantages derived from TMT diversity, and high CEO-TMT similarity can reduce the strategic value of diversity by reinforcing cognitive alignment and limiting the expression of divergent viewpoints (Barkema & Shvyrkov, 2007; Georgakakis et al., 2017).

First, high CEO-TMT similarity has been associated with greater cohesion, faster decisions, and mutual trust (Chattopadhyay et al., 2004; Georgakakis et al., 2017). However, these same traits may suppress dissenting voices and strategic experimentation, limiting the innovative potential of even a diverse TMT. This effect is supported by Lohmar, Sabel, and Nüesch (2025), who find that CEO-TMT similarity has positive effects up to a certain threshold, after which it fosters groupthink, thereby undermining creativity and divergent thinking.

Second, important strategic decisions are more likely to favour consensus and stability over experimentation: when the CEO and TMT members share similar experiences, backgrounds, and values there is a dynamic which can promote groupthink; this phenomenon can suppress critical evaluation of strategies (Janis, 1982), thereby weakening the TMT's ability to influence strategic decisions, especially in complex, high-uncertainty domains like international expansion.

Finally, in firms where the CEO and TMT have higher similarity, internationalisation strategies may lean toward stability and risk aversion rather than proactive market exploration. As a result, the firm may enter fewer new markets despite having a diverse top management team.

Hp2:
CEO-TMT similarity negatively moderates the positive relationship between TMT diversity and the speed of internationalisation.

Moderating Role of Family Ownership

To explore whether the predictions of TMT Diversity on Internationalisation hold up in the context of Family Firm, SEW perspective and UET were applied.

First, According to the SEW framework, family controlled firms pursue financial goals differently than a non family controlled and consider non financial goals, such as preserving family legacy, identity, and control (Gómez-Mejía et al., 2007; Berrone et al., 2012) overriding risk-taking decisions. These emotional factors shape how risk is perceived and tolerated, often reinforcing strategic conservatism in strategic decisions such as internationalisation (Menendez-Requejo, 2005; Fernandez & Nieto, 2006).

While family ownership concentration per se is not a governance mechanism, it represents a structural characteristic that shapes the governance of a FF. Researchers have already discussed how higher or lower family ownership influences the Upper Echelons (Minichilli et al., 2010, Calabrò et al., 2024) expecting a modulation on how TMT diversity affects Internationalisation.

Second, as family ownership concentration increases, so does centralised control and alignment with SEW priorities, which shapes the selection of TMT members by privileging those who reflect or support the family's values (Vandekerkhof et al., 2015). In such contexts, trust, loyalty, and shared values are often prioritised over professional diversity in experience, education, or nationality. This can result in a more homogenous TMT, potentially limiting the positive effects of diversity on strategic outcomes.

Third, in firms with high family ownership, the prioritisation of SEW can sharpen identity-based divisions within the TMT by amplifying the salience of group membership and loyalty to family goals, thereby reinforcing faultlines within the TMT, which slow down decision making and reduce the integration of diverse perspectives (Georgakakis et al., 2017). In such settings, TMT composition may give rise to dividing lines not only based on demographic or professional attributes (Lau and Murnighan, 1998) but also on SEW priorities within the TMT members. Therefore, faultlines represent a mechanism through which diversity and similarity influence the success or failure of international expansion in family firms (Bezrukova et al., 2009; Georgakakis et al., 2017).

Higher family ownership also affects the role of TMT Diversity in strategic decisions: As control becomes more centralised and aligned with SEW preservation goals, the diversity of perspectives may become less influential. Even with high diversity, TMT members may align with the dominant SEW oriented decisions. As such, family ownership indirectly moderates the impact of TMT diversity on internationalisation, by weakening the mechanism through which diverse perspectives shape strategic outcomes.-By extension, family ownership can be expected to interact with the effects of TMT diversity, by reducing the range of perspectives that influence decision making processes. The study by Cruz, Gómez-Mejía, and Becerra (2010), supports this view, showing that a higher concentration of shares held by the family can enhance trust and alignment within the upper echelons, by reducing the expression of divergent perspectives.

Recent research (de Groote et al., 2023) indicates that within the TMT, it is the alignment of managers' perceptions and their defined roles, rather than diversity itself, that play a decisive role in shaping internationalisation strategies. Empirical studies support this mechanism. Mitter et al. (2014), find that lower levels of family ownership are already associated with higher degrees of internationalisation, while Sciascia et al. (2012) identify a curvilinear relationship: both very low and very high ownership levels are associated with lesser international entrepreneurship. Schweiger et al. (2024) also have explored the moderating role of family ownership on FF strategy and found that a higher concentration of ownership can benefit the firm with long term choices prioritising stability and continuity, consistent with SEW perspective, which discourages risky growth strategies. In a study on 190 FFs, Evert et al. (2018) examined how these companies first internationalise. While acknowledging that internationalisation can be a risky move, they highlight its potential as a growth opportunity. Their results show that Family Ownership is related with a lower degree of internationalisation. However, once the FF overcomes that challenging initial global expansion, the mindset can change, gaining confidence and experience to navigate international markets.

Overall, these findings suggest that SEW preservation, expressed through Family Ownership concentration, can override diverse point of views within the TMT, reducing the effectiveness of TMT diversity in accelerating internationalisation.

Hp3:
Family ownership negatively moderates the positive relationship between TMT diversity and the speed of internationalisation.

2. Methodology

Research Design

This empirical study follows a quantitative research design to investigate the relationship between the TMT Diversity and the internationalisation of family firms in the United Kingdom. In addition, this relationship was tested against the CEO-TMT similarity and Family ownership concentration. For the research question, the quantitative method was selected in order to provide concrete evidence of relationships between variables; while admittedly the measurements are not intuitively immediate to be quantified, doing so allows to reduce ambiguity over the phenomenon, while also aligning to existing research on the matter such as the study conducted by Georgakakis et al. (2017).

Sample & Data Collection

Firms Dataset

The research tests its hypotheses using a combination of secondary data sources, this multi source approach follows the methodology employed by Pinelli et al. (2025), who combined online available financial data with hand collected details on internationalisation and management teams. The financial information of the firms was retrieved through surveys, additional data collected via email and telephone, information published on company websites, platforms disclosing shareholder details, and the official UK government register at Companies House. Owing to its length, the complete firm dataset is not produced in this document but has been submitted as a supplementary file accompanying the electronic submission and is available from the author upon request.

Additional data were integrated by combining survey responses with secondary data retrieved from the Bureau van Dijk platform, specifically the Orbis and Fame databases, stemming from between 2008 and 2018. These firms were selected with the following criteria: the firms should be based and listed, publicly, in the UK; have between 50 and 2000 employees; and are active in the manufacturing sector.

To begin, the companies had to have their main headquarters in the UK. Said firms had to be selected without major external influence from parent companies, in order to ensure the firms internationalisation processes were influenced by their internal managers. Limiting the sample to the one country was a choice to avoid potentially distorting factors driven by country level differences at the firm level (e.g., internationalisation propensity, incentives, trade agreements, etc.) and individual (e.g., firm governance, labour markets, etc.). This approach is supported by Crossland & Hambrick (2011) who indicate that the institutions at national level influences managerial discretion, pooling firms across countries would therefore risk diluting the effect of the CEO-TMT interface.

The UK was selected because the British market in 2017, was among the largest sources of outbound foreign direct investment (FDI), representing 6% of global total, only behind the US, Japan, and China (Ward, 2019).

Public companies, listed on the London Stock exchange, were selected as that ensures reliable information, as these are legally required to disclose annual reports which can contain information both on family ownership and degree of internationalisation, in addition to data on the managers, directors and majority ownerships.

The firms in the list count from 50 to 2000 employees. This size range has been identified as having the most managerial discretion (also defined as latitude of action), as noted by Vallone et al. (2023) and Elia, Greve, Vallone, & Castellani (2021), where the executives have a more centralised power, and can have more direct influence on strategic processes and outcomes the most. (Boone, De Brabander, & Van Witteloostuijn, 1996; Buyl, Boone, & Hendriks, 2014; Hambrick &

Finkelstein, 1987). This distinction is important because it has been observed that in low discretion, managers have little effect on the decisions, on the organisation's performance (Hambrick & Finkelstein, 1987; Finkelstein & Hambrick, 1990; Hambrick, 2007).

In addition, the size was also important as focusing on medium to large organisations was a determining factor for observing their internationalisation efforts: firms in this size tend to internationalise but have not reached global saturation yet (Casillas & Acedo, 2013). By selecting companies larger than startups but smaller than mature companies, we ensure the sample reflects firms with growth potential (Reuber et al., 2021). Consequently, organisations with fewer than 50 employees were excluded, as their financial and human resources limitations often prevent them from internationalising through equity mode investment (Gerschewski et al., 2015; Knight & Liesch, 2016).

To conclude the selection criteria, only firms who operate mainly within the sector of manufacturing were chosen to avoid any confusing effects coming from the different nature of different industries, as these might have different business internationalisation or scaling processes. These firms were identified using the NACE Rev. 2 system: a standard classification used to categorise industrial activities selecting the first digits between 10 and 32.

To ensure data quality, the dataset was refined during the scrutiny phase by excluding the entries with errors, inconsistencies and out of date information, such as companies that were no longer active due to mergers, acquisitions, bankruptcies or because they moved headquarters or moved their primary stock listing to countries outside the UK. The aforementioned inconsistencies might not qualify the entry if the researchers are not able to complete or correct the data.

Data Structure and Time Lags

The study utilises a panel dataset spanning from 2008 to 2018. Because the dependent variable is constructed as the difference in internationalisation between two distinct years, the explanatory variables observed at time t are used to predict the change in internationalisation at *t+1* and *t+2*, allowing a two year lag between the independent and dependent variables (Carpenter & Fredrickson, 2001; Wally & Becerra, 2001). This approach helps reduce concerns about reverse causality: where the outcome might otherwise appear to influence the cause. This strengthens the interpretation of TMT composition as a predictor of subsequent internationalisation (Carpenter & Fredrickson, 2001).

Econometric Approach

Given the longitudinal and continuous nature of the data, panel linear regression was employed, using a random effects GLS estimator. Random effects was preferred over fixed effects because the model includes firm level characteristics that are time invariant or nearly so, most importantly family firm status (Hp3), which a fixed effects specification would absorb, precluding estimation of their effects. To account for unobserved heterogeneity, dummy variables for both year and industry were included (Mohr & Batsakis, 2019). Furthermore, standard errors were clustered at the firm level to control for potential heteroskedasticity and correlation within the cluster. Lastly, the absence of multicollinearity was confirmed; the Variance Inflation Factors (VIFs) remained below the suggested maximum threshold of 10, ensuring the reliability of our econometric results (Guo, Chumlea, & Cockram, 1996). Consistent with the study's focus on the direction and significance of the theoretically specified relationships rather than on predictive accuracy, the analysis emphasises the sign and statistical significance of the coefficients of interest, which remain stable across all three model specifications.

Variable Operationalisation

Leadership Style: CEO-TMT interface

Leadership style remains a challenging concept to be measured objectively in quantitative research. To address this challenge, it was indirectly measured through the concept of CEO-TMT Interface, which serves as a proxy measurement for understanding the leadership dynamics and their influence on the strategic processes within the organisation, such as internationalisation.

Following the framework developed by Georgakakis et al. (2017), the CEO-TMT interface was operationalised through two distinct, yet complementary constructs: TMT diversity and CEO-TMT similarity.

TMT Diversity measures the heterogeneity within the TMT, while CEO-TMT Similarity captures the similarities between the CEO and the remaining TMT, indicating the degree of alignment of the former and the latter across these same attributes. Both constructs derive from the same underlying information, which is readily available through the Bureau van Dijk database. In line with prior work on the CEO-TMT interface (Georgakakis et al., 2017, 2021; Georgakakis & Ruigrok, 2017; Zhu et al., 2014), this study operationalises both TMT diversity and CEO-TMT similarity along sociodemographic attributes of age, sex, and nationality. Informational attributes (such as education and functional or international experience) and socialisation attributes (such as tenure) fall beyond the scope of the present analysis and are addressed as avenues for future research.

TMT Diversity

TMT diversity was measured based on the sociodemographic attributes of age, sex and nationality (Georgakakis et al., 2021; Georgakakis & Ruigrok, 2017; Zhu et al., 2014). For the categorical variables of sex and nationality, diversity was quantified using Blau's heterogeneity index = $1 - \Sigma p_i^2$, where p_i represents the proportion of TMT members in each category (Blau, 1977). The index ranges from 0 to 1, where higher values indicate greater diversity within the team. For the continuous variable, age, diversity was measured using the standard deviation of each member's age, capturing the relative dispersion within the TMT (Oehmichen et al., 2017; Rivas, 2012). Each of the dimensions was normalised, then aggregated into a single composite variable for each firm-year observation (Boone et al., 2004; Georgakakis et al., 2021).

Measuring CEO-TMT similarity

CEO-TMT similarity was measured using the same sociodemographic attributes of age, sex, and nationality (Georgakakis et al., 2021; Georgakakis & Ruigrok, 2017; Zhu et al., 2014). For each attribute, Blau's heterogeneity index was applied to a group comprising the CEO and the remaining TMT members, where lower values indicated greater homogeneity. Each dimension was normalised and aggregated into a single composite variable for each firm-year observation (Boone et al., 2004), then it was reverse coded so that higher values indicate greater sociodemographic similarity between the CEO and the TMT.

Dependent Variable: Speed of Internationalisation

One way to measure a company's internationalisation efforts is the Scope of Internationalisation, which assesses how many countries a firm operates in (George et al., 2005). While scope is an important factor, it alone can not determine the strategic nature of a firm's degree of internationalisation. By contrast, Speed is a direct outcome of strategic decision making processes within the firm and can reflect the effectiveness of the managers who have to decide to which countries to expand balancing firm's resources against the international markets available (Chetty et al., 2014). Following Vermeulen and Barkema (2002), speed of internationalisation was operationalised as the year on year change in the number of foreign markets in which the firm was present, capturing the pace, rather than merely the extent of international expansion.

This metric has the potential to explain how the CEO-TMT interface can impact Strategic decision as it does not merely capture whether a firm expands abroad or not and in how many countries, but it can give a picture of how rapidly that is done. This speed serves as the dependent variable in the theoretical framework, reflecting the firm's strategic agility, enabling the examination of whether TMT diversity is associated with faster international expansion and how this relationship is moderated by CEO-TMT similarity and family ownership concentration.

SEW and Family Classification

SEW is traditionally used in the context of qualitative research, as it involves subjective and emotional factors such as the family's control and relationships within the firm. In the past, researchers have observed SEW through surveys, identifying concepts such as emotional attachments (Berrone, Cruz, & Gomez-Mejia, 2012). This study operationalised SEW, by assessing the degree of family control following the approach by Patel & Cooper (2014) which will be directly measured through the shares owned by the controlling family (Xu et al., 2019). While this measure can only reflect SEW in a limited manner, it remains one of the few quantitative ways to capture this complex phenomenon and provides an objective metric for assessing family influence.

Data on the family's share of ownership was collected using a combination of email and telephone contact, company websites, publicly available shareholder platforms, official filings from the UK government register website at Companies House and third party platforms such as Morningstar's stock report tool (https://tools.morningstar.co.uk/), Pomanda (www.pomanda.com), MarketScreener (https://www.marketscreener.com/), and Simply Wall St (https://simplywall.st/). This process was not straightforward, as there is no portal with this type of information with a standardised method to disclose ownership details and identities. In several cases, ownership structures were obscured by the presence of nominee accounts, venture capital funds, or holding companies, making it difficult to determine the full extent of family ownership. However, this lack of transparency is nothing out of the ordinary, as there are no laws requiring full disclosure of the matter. While every effort was made to verify and triangulate information from multiple sources, the final dataset may underrepresent family ownership in firms where significant owners are partially anonymised or shielded through complex financial vehicles.

In light of the complexity and heterogeneity in defining family firms, this research initially intended to adopt the definition of family firms based on the research by Chua et al. (1999). The authors concluded that ownership, management and governance are not sufficient in order to distinguish between family firms and normal businesses, as family involvement is a weak indicator of firm strategy. Instead they proposed defining family firms based on their behaviour: specifically on the family firm's intention to pursue a vision.

The classification process therefore adopted a multi-step approach. In some cases, companies explicitly identified themselves as family firms in their public statements, such as on their websites or in reports or direct communication. Others responded to direct inquiries via email or telephone, confirming whether they did or did not consider themselves family businesses without stating that in their official company documentation. When explicit self identification was unavailable, more detailed information was investigated, such as data on the founders' identities, followed by research into the presence of those surnames among current board members or executives and whether individuals bearing those names were still listed among the shareholders.

However, during data collection, the diversity of information sources and the inconsistency in how firms self identified with familiness, made it impractical to apply a behavioural definition consistently across the data sample. To maintain scientific integrity and ensure comparability across the sample, firms were classified as family firms when family members controlled at least 25% of a company shares. This threshold is consistent with prior research (Schmid et al., 2015) as it enables the family to block special resolutions that require a 75% majority thus indicating significant influence for the family over strategic decisions. The Categorical Classification followed a dichotomous option with 1 for firms with ≥25% family ownership, and 0 for anything

<25%. This moderating variable was used to test the relationship between TMT diversity and Speed of Internationalisation.

Control Variables:

To isolate the effects of the aforementioned variables, several control variables were included in the analysis. These control variables serve to exclude alternative interpretations and characteristics that could influence a firm's internationalisation efforts. Firm, Industry and Leadership data was included, to provide a wide range of control variables.

Firm level controls Included the amount of people employed (Firm size), Firm Age, the financial performance (Measured in ROA, Return on Assets), the financial structure (measured with D/E, the debt to equity ratio) and Innovation capacity (measured in R&D intensity).

Following the framework established by Dess and Beard (1984) two industry level variables were employed to capture industry characteristics: dynamism and munificence. Industry dynamism represents the instability of a sector, which reflects the inconsistencies in markets, technology, regulations, customer preferences, and competitive dynamics and is typically measured as the standard error of regression when industry sales are regressed against time over a period of 5 years(Dess & Beard, 1984). While Industry Munificence quantifies the abundance of resources in the industry, which measures of environmental turbulence and resource abundance operationalised through the growth rate of industry sales, employment, and value added against the years.

Leadership level control variables stem from the dataset about the TMT and CEO, with TMT tenure, TMT size, CEO tenure, CEO duality (defined as the CEO simultaneously serving as member of the board of directors) and CEO foreignness (when they hold a different citizenship from the country where the company is headquartered).

Analysis Method

Using the software Stata, three models were employed to test the three hypotheses, and assess the relationships between the variables: TMT diversity, CEO-TMT similarity, family ownership, and the speed of internationalisation. Due to the longitudinal, continuous nature of the sample, a panel linear regression model was utilised.

3. Results/Findings

Table 1. Random-effects GLS regression results			
	(1)	(2)	(3)
	Speed of Internationalisation	Speed of Internationalisation	Speed of Internationalisation
TMT Diversity	0.337***	0.162***	0.163***
	(0.098)	(0.054)	(0.055)
CEO-TMT Similarity	0.0189	0.141	-0.245
	(0.015)	(0.110)	(0.211)
Industry munificence	-0.217	-0.217	-0.169
	(0.341)	(0.341)	(0.338)
Family company	0.0265	0.0234	-0.182
	(0.119)	(0.118)	(0.144)
Firm size	0.277**	0.278**	0.272**
	(0.118)	(0.118)	(0.117)
Firm age	-0.00373	-0.00387	-0.00335
	(0.00281)	(0.00284)	(0.00276)
ROA	0.227*	0.224*	0.225*
	(0.126)	(0.126)	(0.122)
D/E	0.00241	0.00243	0.00226
	(0.002841)	(0.00282)	(0.00260)
R&D intensity	0.000477	0.000455	0.000468
	(0.000963)	(0.000973)	(0.000915)
Industry dynamism	-0.663	-0.658	-0.702
	(0.802)	(0.803)	(0.792)
Average TMT Tenure	-0.0140	-0.0135	-0.0124
	(0.0225)	(0.0229)	(0.0232)
TMT Size	-0.0525	-0.0539	-0.0328
	(0.0808)	(0.0807)	(0.0827)

Table 1. Random-effects GLS regression results			
CEO Duality	0.481*	0.481*	0.391*
	(0.248)	(0.248)	(0.229)
CEO Tenure	0.00622	0.00654	0.00660
	(0.0120)	(0.0120)	(0.0112)
CEO Foreigner	-0.356	-0.348	-0.436
	(0.482)	(0.480)	(0.461)
Diversity TMT #CEO-TMT Similarity		-1.727***	
		(0.542)	
Diversity TMT#Family company			-1.451***
			(0.428)
_cons	-1.893	-1.888	-1.840
	(1.175)	(1.173)	(1.173)
N	822	822	822
Standard errors in parentheses * $p < 0.10$, ** $p < 0.05$, *** $p < 0.01$ TMT = top management team; ROA = return on assets; D/E = debt-to-equity ratio.			

3.1 Sample Characteristics

For the 144 firms, it was possible to retrieve information for 11 years ranging from 2008 to 2018. 822 data points were gathered during the course of these years, providing sufficient variation to test the proposed hypotheses.

3.2 Hypothesis Testing

The results in table 1 display the three models that tested the 3 Hypotheses. Model 1 examines the base model, testing the effects of TMT diversity on the speed of internationalisation. Model 2 tests the moderating effect of CEO-TMT similarity proposed in Hp2. The third and last model tests the moderating effect of family ownership theorised in Hp3.
Each model includes the control variables at Firm, Industry and Leadership levels to ensure the effects observed could not be explained with alternative mechanisms.

3.2.1 Model 1

Hp1 predicted that TMT diversity would be positively associated with higher SoI. This hypothesis received consistent strong empirical support across all models. In Model 1, TMT diversity demonstrated a positive and significant relationship with internationalisation speed ($\beta = 0.337$, $p < 0.01$), indicating that firms with more diverse TMTs tend to internationalise faster.

While the magnitude of this positive effect decreased slightly in both in model 2 ($\beta = 0.162$, $p < 0.01$) and Model 3 ($\beta = 0.163$, $p < 0.01$), the statistical significance remains consistent even after introducing the moderating variables. This consistency confirms Hp1, indicating that a more diverse TMT, one whose managers with different backgrounds, tend to be associated with a faster international expansion.

The consistency of positive effects across all models, combined with the significant p-values, provides robust evidence that TMT diversity represents a meaningful driver for internationalisation. These findings align with UET predictions, which proposed that broader cognitive resources lead to enhanced problem solving capabilities, which enables firms to internationalise faster.

3.2.2 Model 2

Hp2 proposed that high CEO-TMT similarity would weaken the positive relationship between TMT diversity and internationalisation speed. The results from model 2 provide strong support for this prediction. The interaction between TMT diversity and CEO-TMT similarity demonstrated a negative and highly significant coefficient ($\beta = -1.727$, $p < 0.01$). This indicated that when the

CEO shares higher similarity in background with the TMT members, the positive effect of their diversity is substantially diminished.

This moderating effect is negative and highly significant, indicating that CEO-TMT similarity substantially weakens the positive contribution of TMT diversity to internationalisation speed: as similarity increases, the diversity advantage is progressively offset. This substantial effect suggests that CEO-TMT similarity represents a meaningful limitation on the strategic value of diversity during a firm's international expansion.

Interestingly, the effect of CEO-TMT similarity alone on the speed of internationalisation (i.e., without considering TMT diversity) was not statistically significant ($\beta = 0.141$, $p > 0.10$), meaning that its influence operates only through TMT diversity, constraining the latter's contribution to international expansion.

3.2.3 Model 3

Hp3 predicted that family ownership would negatively moderate the positive relationship between TMT diversity and the speed of internationalisation. The findings provided preliminary support for it. The interaction term in model 3 between TMT diversity and family company status was negative and highly significant ($\beta = -1.451$, $p < 0.01$). This indicates that, within the sample, family ownership is associated with a weaker effect of TMT diversity on internationalisation. The magnitude of this moderating effect is similar in sign and significance to that observed for CEO-TMT similarity, suggesting that family ownership exerts a comparable constraining effect on the benefits of TMT diversity. However, given the small number of family firms in the sample ($n = 15$), this result should be interpreted with caution and verified through influence diagnostics in future research (see Limitations).

The effect of family status alone was negative but also not significant statistically ($\beta = -0.182$, $p > 0.10$), indicating that family ownership per se does not lead to less internationalisation, keeping in line with modern family firm literature (Arregle et al., 2017; Cerrato and Piva, 2012). These results are similar to those observed in model 2, suggesting that the constraining relationship operates by limiting the extent to which TMT diversity translates into internationalisation strategies. These findings align with previous SEW literature (Gómez-Mejía et al., 2007; Berrone et al., 2012) which posits that FFs prioritise non financial goals (such as family control, legacy preservation, and continuity) over objective economic goals. While research has established that FFs tend to engage with internationalisation more cautiously (Arregle et al., 2017; Menendez-Requejo, 2005; Pukall & Calabrò, 2014), the results suggest that this tendency persists even when they employ a diverse TMT. It appears that family ownership concentration coincides with conservative behaviours such as loss aversion and strengthens preferences for stability (Gomez-Mejia et al., 2010; Fernandez & Nieto, 2006), thereby constraining the strategic influence of TMT diversity. As a result, the cognitive resources and diverse perspectives that would otherwise accelerate internationalisation in non FFs are substantially attenuated by SEW preservation concerns in family-controlled organisations (Schweiger et al., 2024; Evert et al., 2018).

3.2.4 Control variables

Firm size, ROA, and CEO duality were the only variables with significant or marginally significant associations; all other controls were not significant, supporting the robustness of the primary findings. More information on the variables is provided in the appendix A.

4 Discussion

4.1 Summary of Results

The regression analyses provide strong support for Hp1 and Hp2, while providing preliminary support for Hp3. The findings can be summarised as follows: First, consistent with Hp1, TMT diversity was found to increase the Speed of Internationalisation. Across all three models, this positive association remained consistent. In the second model the results confirmed the moderating negative relation with CEO-TMT similarity, confirming Hp2. Finally, the third model found that the family firm status had a negative and statistically significant interaction on the relationship proposed by Hp1, providing preliminary support for Hp3 although this should be treated with caution since this results on a small sample of family firms (N= 15) which is addressed further in the limitations.

4.2 Theoretical Implications

Key Discussion Points:

4.2.1. TMT Diversity as a Driver of internationalisation

The strong statistical significance of Hp1 across all models supports the concept that diverse TMTs are associated with a faster Speed of Internationalisation, and the control variables suggest it is not an artefact of sampling. These findings are consistent with the initial propositions of UET advanced by Hambrick and Mason (1984) and with the subsequent empirical work by Barkema & Shvyrkov (2007). More specifically, the results support Barkema & Shvyrkov's (2007) assumption that cognitive diversity within TMT is a strategic asset which, on its own, may facilitate internationalisation. This mechanism operates through multiple interconnected effects: Diverse TMTs are equipped with a wider array of perspectives to process complex information, recognise patterns across unrelated domains (Jehn et al., 1999), generate creative solutions to novel problems (Certo et al., 2006), and avoid cognitive biases that might lead to overly conservative strategies (Bezrukova et al., 2009; Barkema & Shvyrkov, 2007).

4.2.2 The Constraining Role of CEO-TMT Similarity

The strong and negative moderating effect of CEO-TMT similarity ($\beta = -1.727$, $p < 0.01$) provides empirical validation for the relationship proposed in Hp2. Consistent with UET, the CEO-TMT interface is a critical node where dynamics between the executives can either enhance or suppress the strategic potential of team diversity (Georgakakis et al., 2022; Hambrick, 2007). This speaks to the earlier criticisms drawn on UET (Jackson, 1992; Cannella and Holcomb, 2005) that judged UET as overlooking the hierarchical structure and internal differentiation within the executives. When CEOs and TMT members share similar backgrounds, the potential for conflict and strategic experimentation is diminished, promoting groupthink tendencies that suppress dissenting viewpoints and critical evaluation (Janis, 1982; Lohmar, Sabel, & Nüesch, 2025).

4.2.3. SEW and UET

The negative moderating effect of family ownership ($\beta = -1.451$, $p < 0.01$) provides preliminary support for Hp3 and aligns with the SEW perspective: its framework suggests that FFs prioritise

non financial goals such as control and legacy preservation (Gómez-Mejía et al., 2007; Berrone et al., 2012); accordingly these results indicate SEW priorities may constrain how TMT diversity translates into internationalisation speed. The results may explain why prior researchers found FF's to have slower internationalisation patterns (Fernández and Nieto, 2006; Sciascia et al., 2012; Mitter et al., 2014; Evert et al., 2018).
The mechanism appears to operate through cohesion expectations that become especially salient in diverse teams. When family ownership is high, these expectations may reinforce faultlines anchored in family related alignment pressures (Lau and Murnighan, 1998; Georgakakis et al., 2017), which can restrict the strategic influence of diverse executives.

The findings indicate that family ownership has a constraining effect on TMT diversity, which supports an integrated view of UET and SEW. UET explains why diversity matters: diverse teams possess broader cognitive resources, enhanced problem solving capabilities, and richer strategic alternatives (Hambrick and Mason, 1984; Certo et al., 2006). The SEW perspective, in turn, explains why this relationship is contingent: in family firms, emotional endowments and preservation priorities can constrain the translation of cognitive resources into strategic action.

This integrated framework offers several advances over single-theory approaches.

First, it acknowledges that the same TMT characteristic (diversity) can have different strategic consequences depending on the governance context in which the firm operates. Second, it recognises that ownership structure is not merely a control variable to be statistically adjusted away, but rather a fundamental feature that shapes the strategic role of executive characteristics.
Third, it highlights the importance of examining interaction effects rather than assuming universal main effects of TMT attributes across all organisational contexts.

Taken together, the results indicate that UET alone cannot fully account for family firm behaviour. Integrating the SEW perspective offers a more nuanced understanding: while diversity is associated with faster internationalisation, both CEO TMT similarity and family ownership can attenuate these benefits by reinforcing cohesion oriented preferences that reduce openness to exploration and strategic experimentation.

4.3 Practical Implications

The findings can help executives, board members, family business advisors and other types of professionals involved in leadership selection or governance design.

4.3.1. Implications for firms pursuing international expansion

Organisations which are planning to accelerate internationalisation, may want to prioritise diversity during the selection of their whole TMT rather than focusing on the CEO alone. The strong positive main effect of TMT diversity observed in this study provides empirical evidence to support investing in recruiting and retaining executives with diverse social backgrounds. This diversity enhances a firm's capabilities to identify opportunities in foreign markets more quickly, assess risks across different contexts and navigate the complexities of cross border operations. However, TMT diversity is not sufficient. In order to take advantage of it, firms must recognise the strategic value of the CEO-TMT interface, and avoid nominating CEOs who rank too high in similarity with the remaining TMT. This means that the selection of executives should not be a compartmentalised process, but should be done holistically, in order to maximise the positive impact on strategic flexibility.

This can be translated into the following practical applications. First, companies can conduct periodic assessments for their TMT composition in order to ensure diversity is adequate across relevant dimensions. This can then be converted into HR recruiting programmes and monitoring for internal promotions. Second, firms can benefit from offering leadership development programmes that make sure the current executives develop in the aspects required to reach a target amount of diversity in selected dimensions. Finally, when the TMTs are already diverse, organisations need to carefully evaluate CEO candidates based on their background in order to ensure a strong interplay with the TMT and allow the firm's strategy to fully benefit from it.

4.3.2 Implications for Family Firms

The negative interaction between family ownership on the relationship between TMT diversity and internationalisation speed shows that ownership concentration can limit the strategic value of managerial diversity, yet ownership alone does not need to be a constraining factor. FFs that want to maintain their ownership, while equipping themselves for international expansion, can recognise this limitation and proactively manage their TMT so that diversity can still be translated into effective strategic decision making, rather than being neutralised by ownership concentration. Family Firms can invest in employee and leadership development practices, just like their non family counterparts, in order to cultivate higher managerial diversity and ensure that it is leveraged strategically. Additionally, they need to implement firm governance mechanisms to better leverage TMT diversity. For example, they can strengthen their managerial capacity by appointing non family advisors on the board, by drawing on external consulting agencies, or by recruiting non family executives with relevant experience. These measures can be paired with formal decision protocols that ensure diverse viewpoints are systematically heard. However, it must be noted that this might introduce an additional overhead which could decrease internationalisation speed again. When recruiting CEOs, FFs should avoid candidates whose background overlaps significantly with that of current TMT members, and favour those with previous internationalisation experience.

FFs can also pursue long term strategies, by investing in international development for the younger family members: sending them to universities and internships abroad, exposing them to work experience outside of the family business context before entering the family firm’s executives.

5. Limitations and Future Research Directions

While the hypotheses proposed in the study were statistically supported, several limitations should be acknowledged.

Measurement and Data Limitations

Family firm definition (dichotomous vs. continuous)

A significant limitation was treating family ownership as a dichotomous value (family firm = 1 if ≥25% ownership). Because only 15 firms in the sample qualify as family firms, the data cannot reliably test for the curvilinear relationship Sciascia et al. (2012) identify (an inverted U shape peaking at around 53% ownership); a larger sample of family firms would be needed to detect such nonlinearity. As a result, it cannot be determined whether the constraining effect observed remains constant across ownership levels or intensifies or weakens at higher concentrations. This limitation is particularly important for the testing of Hp3. Therefore, this hypothesis warrants a robustness check as it cannot be excluded that the effect is driven by individual firms rather than reflecting a systematic pattern across family firms. The proposed diagnostic would be a jackknife procedure, in which Model 3 should be re estimated while excluding one firm at a time to confirm that the interaction remains stable in sign and significance. However, this check was not performed in the present study; therefore, the results of Model 3 should be interpreted as preliminary and treated with caution until they can be verified on a larger sample of family firms. Future research with greater statistical power should conduct this diagnostic.

Future research should prioritise larger, more diverse samples of family firms, moving beyond the 25% threshold to treat ownership as a continuous variable. This would allow a test of whether the attenuating effect of family ownership on the TMT diversity-internationalisation relationship is constant or follows a threshold or curvilinear pattern, as Sciascia et al. (2012) suggest.

Statistical power of Family Ownership in the sample

As already mentioned, family firms with over 25% ownership made up only 10.4% of the sample, this significantly limits the statistical power for detecting any family specific effects. Future studies should expand their analyses to wider samples to capture greater heterogeneity among family firms, enabling a more nuanced analysis of the effects arising from ownership intensity.

Self reported data concerns

Another limitation was the nature of self reported data. During the telephone surveys for FF identification, a certain reluctance to share information was encountered. These companies might be afraid of losing an unidentified advantage of not disclosing that information. Alternatively, a family status itself could deter potential investors. Perhaps the reluctance stems from mere privacy concerns. However, firms declining to provide information on their family status introduce a bias of self selection: these firms may differ systematically from those willingly representing themselves as FFs, potentially affecting the generalisability of the findings.

Cultural and Country Specific Context Limitations

Furthermore, testing the theoretical framework on data retrieved from a single country dataset of Family Firms does not address the limitation identified by Debellis et al. (2021), namely that the results of such studies cannot be generalised and projected on FFs in other countries (Arregle et al., 2017), and could differ under different cultural or even political contexts (Miller & Le Breton-Miller, 2014).

Therefore, future researchers could try to replicate the models in this study with data from different countries.

Limitations of a multivariate construct (CEO-TMT Similarity / Diversity)

A limitation arises from the operationalisation of diversity, which was assessed solely on the basis of sociodemographic attributes (age, sex, and nationality). Informational attributes (experience) and socialisation attributes (tenure) were not considered, as their inclusion fell beyond the scope of the present thesis. Future research could nonetheless benefit from incorporating these additional dimensions to provide a more comprehensive understanding of firm internationalisation by exploring multivariate constructs of leadership diversity and similarity. For example, informational diversity (academic background, work experience) may influence strategic decision making as a problem solving mechanism, while socialisation attributes (e.g. tenure) may influence social interactions through alignment with family priorities. Without analysing these values as separate phenomena, it remains unclear which dimensions drive the observed effects. Future research could examine these dimensions in more detail and report the results for each value separately.

Another limitation lies in the assumed linear relationship between sociodemographic diversity and Speed of Internationalisation. Other studies, such as Earley & Mosakowski (2000), found a curvilinear relationship instead, where both highly homogeneous and highly heterogeneous teams outperformed those that were only moderately heterogeneous. If a similar phenomenon applies to the sociodemographic diversity measured here, the linear model employed may not fully capture the complexity of the relationship. Future research could test whether threshold or curvilinear effects exist within the Diversity-Internationalisation Speed link, particularly when sufficiently large samples become available to detect non linear patterns.

Family Firm Specific Dynamics

Organisation structure

This research tests strategic leadership through the CEO-TMT interface based on similar characteristics within leadership; however, there are factors the paper cannot reflect in its quantitative nature, factors that are considered essential for the interaction of a company's top officials, such as the structure of teams, company culture, communication quality and the mutual respect among the officials.

Another limitation is not considering family affiliation within the Upper Echelons, as family members are crucial stakeholders and can significantly influence a firms' operations.

Despite approaching four decades of research, a limitation of any paper regarding family business is that family firms are not a homogeneous group; the outcomes from one study are case specific and might not necessarily apply to firms in other contexts.
To warn future researchers about this limitation, Sharma et al. (1997, p.18) offer an important reminder: *"Thus, our advice to consultants and family-business managers is to proceed with caution when applying the findings of previous research. Do not assume that what was a problem for one family business will be so in another, or that what worked in the past will work in the future. Instead, use the literature as a guide to problem diagnosis, as an aid for understanding why a particular solution worked, and how the solution can or cannot be adapted to fit a particular set of needs."*

While the study suggests that family ownership moderates the relationship between TMT diversity and SoI, this research does not explain how this mechanism takes place. Several pathways could be explored in future research. For instance, family owners may influence the diverse TMT perspectives through groupthink dynamics, where conformity to family priorities overrides independent executive judgement. Alternatively, concentrated ownership may create power asymmetries that suppress dissenting strategies. Disentangling this SEW dynamic would require mixing this study with a qualitative method approach, such as interviews with TMT members, however, doing so with a sufficiently large sample of family firms is beyond the scope of this study. Future researchers with the means to do so, are encouraged to investigate within these mechanisms through qualitative or mixed methods designs, in order to identify the specific pathway through which family ownership shapes the CEO-TMT interface.

Internationalisation outcome vs. performance

This research was confined to measuring the speed of internationalisation alone, to test strategic decision making effectiveness, rather than assessing whether a faster or slower internationalisation translates to better company results, such as higher profitability or other performance metrics. Therefore, it is unclear whether faster expansion into foreign markets actually benefits firms in the long run or if it results in unfavourable outcomes. Additionally, although Debellis et al. (2021) explicitly recommended examining preferred entry modes to capture firms' detailed financial and resource commitment strategies, this research did not address that dimension. While the consideration of entry modes, or geographical diversification analysis, could offer deeper insights into firms’ financial and resource commitment strategies, incorporating such an analysis would extend beyond the manageable scope of a master thesis, given the constraints of time, resources, and the specific focus of the research objectives. The limitation of not assessing entry modes is therefore acknowledged, and future studies with a broader scope could explore these aspects to build on the findings of this research.

Standardisation of Data

For a more comprehensive and universally applicable understanding of family firms literature, there is a pressing need for the standardisation of data across the sciences of international business and organisational behaviour. This is particularly salient in family categorisation and distinctions, such as the case of Fernandez and Nieto (2005), where family ownership was conflated with family involvement in management, despite the precedent set by Zahra (2003). Bromiley & Rau (2016) have noted the lack of standardisation in dependent constructs within UET literature, observing that this fragmentation reduces the replicability of studies. Such a standardisation would greatly facilitate the development of cumulative knowledge, enabling a more in depth exploration of the multifaceted factors influencing organisational dynamics, both in family and non family businesses.

6. Conclusion

The research explored how the CEO-TMT interface influences the Speed of internationalisation in firms, with particular focus on TMT diversity and the moderating roles of CEO-TMT similarity and family ownership. Drawing on UET and the SEW perspective, the study analysed a sample of 144 firms and their leadership composition and ownership structure to assess their outcome on internationalisation, while testing against control variables at firm, industry and leadership level.

Hp1 predicted TMT diversity to be positively related to internationalisation speed. The main influence of diversity remained statistically significant across the three models ($\beta \approx 0.16 - 0.34$, $p < 0.01$), confirming the theoretical assumption that cognitive heterogeneity is associated with firms pursuing international markets at a faster pace.

Hp2 proposed that CEO-TMT similarity would weaken the positive effect of TMT diversity. The interaction term was strongly negative ($\beta = -1.727$, $p < 0.01$) indicating that cognitive alignment between CEO and TMT constrains the strategic value of diversity.

Hp3 hypothesised that family ownership would moderate the relationship between diversity and internationalisation.

This interaction was found to be negative and significant ($\beta = -1.451$, $p < 0.01$), suggesting that, in family firms, diverse TMTs are associated with a more cautious international expansion, consistent with SEW considerations; however, given the small family firm subsample, these findings should be read as preliminary.

The findings advance theory by integrating UET with the SEW framework. This integration explains why TMT diversity matters, while SEW clarifies the contingencies: in FFs, control preservation priorities can constrain how cognitive resources are translated into strategic action.

Importantly, this theoretical perspective shows that SEW factors cannot be categorically classified as either facilitating or impeding factors in a firm's internationalisation efforts. Instead, it provides a nuanced tool for understanding how the same strategic resource (TMT diversity) is deployed differently depending on governance context.

The mechanism illustrates how the same characteristic (TMT diversity) is associated with different outcomes under different circumstances, such as cognitive alignment (CEO-TMT similarity) and family ownership. This capacity to harmonise seemingly contradictory results shows the value of combining UET's focus on executives' characteristics with the attention to family specific phenomena under the SEW perspective. By showing that SEW acts as a boundary condition rather than a universal predictor, the framework helps explain diverse empirical patterns in family firm literature. Examining these interactions moves beyond the generalising theoretical assumptions and provides a nuanced understanding of how FFs operate, recognising that leadership characteristics cannot be universally predictive of strategic outcomes without accounting for ownership structure or governance.

The results show that firms interested in internationalisation and other agile strategies should actively cultivate TMT diversity but also manage the context in which it operates. While family ownership brings unique advantages, such as long term orientation (Miller & Le Breton-Miller, 2006), it can also constrain a firm's ability to fully leverage the potential of its management team. Manager selection should consider not only individual qualifications but also the interplay between CEO and TMT members to avoid excessive similarities. In FFs, ownership concentration should be recognised as a boundary condition: mechanisms such as formal decision protocols, non family advisors, and externally experienced executives can help ensure that diverse perspectives can be effectively integrated into strategic decisions. Leadership and employee development should be structured to maintain diversity while aligning with governance priorities, enabling firms to capitalise on the benefits of team heterogeneity without undermining control or cohesion.

The results suggest that characteristics of executives do not translate universally into strategic outcomes but depend on the broader composition of the upper echelons and on the ownership structure, requiring an integrated rather than a single theory framework to explain how family firms operate.

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List of resources

Tool	Use	Affected Parts	Remarks
Deepl	Translation of text passages	German Abstract	Translated from English; translation accuracy independently verified
Grammarly	Language Editing (Grammar, Phrasing)	Throughout	Suggestions reviewed and revised; author retains responsibility for content
Claude	Proofreading, reference checking, Stylistic Refinement.	Throughout	Feedback and suggestions were critically reviewed and revised; author retains responsibility for content

8. Appendix

Control Variables

To provide additional insights into what determines international expansion, a wide array of control variables was tested to check whether they had a significant impact.

Firm level

Firm Size

This control variable was statistically significant across all three models (Model 1: $\beta = 0.277$, $p < 0.05$; Model 2: $\beta = 0.278$, $p < 0.05$; Model 3: $\beta = 0.272$, $p < 0.05$). This means that larger firms tend to internationalise faster than smaller ones, which is likely because larger firms have more access to resources to invest while entering foreign markets.

Firm age

Firm age was not found to be statistically significant in any of the models ($p > 0.10$), indicating that it does not matter how long a company has existed for, suggesting that, at least in this sample, neither the liability of newness (Freeman et al., 1983) nor the inertia of established firms substantially affects the pace of expansion.

Debt-to-equity ratio (D/E)

This control variable did not show any significant relationship (all $p > 0.10$), indicating that a firm's financial structure does not pose a meaningful constraint towards internationalisation.

ROA

Across all models, firm profitability was positively associated with speed of internationalisation (Model 1: $\beta = 0.227$, $p < 0.10$; Model 2: $\beta = 0.224$, $p < 0.10$; Model 3: $\beta = 0.225$, $p < 0.10$). This could mean that profitable firms have access to more resources in order to pursue international expansion. Higher profitability can also be an indicator of the presence of competitive advantages, which facilitate access to more markets.

R&D intensity

R&D was not significant in all three models (Model 1: $\beta = 0.000477$, Model 2: $\beta = 0.000455$ and Model 3: $\beta = 0.000468$), this suggests that, at least within the paper's sample, investing in innovation is not related to faster international expansion.

Industry level

Neither Industry dynamism (Model 1: $\beta = -0.663$, Model 2: $\beta = -0.658$, and Model 3: $\beta = -0.702$) nor industry munificence (Model 1: $\beta = -0.217$, Model 2: $\beta = -0.217$, and Model 3: $\beta = -0.169$) were found to be a significant factor within the models, suggesting that SoI was independent from the industry.

Leadership level

At the TMT level, neither TMT size nor Tenure was found to be significantly affecting SoI ($p > 0.10$ across all three models). This indicates that neither the length of time TMT members worked together, nor the number of executives in a company, alone, have a significant effect on international expansion.

CEO Tenure

The number of years a CEO has been working for a firm also failed to show any clear effect on internationalisation; its influence was statistically insignificant across all three models ($p > 0.10$).

CEO Foreignness

Whether the CEO was from a nationality different from where the firm was situated, did not provide any significant relationship with SoI (all $p > 0.10$).

CEO Duality

A positive and, stable, yet marginally significant, effect was observed when CEOs also served as members of the board of directors. This effect was consistent across all models (Model 1: $\beta = 0.481$, $p < 0.10$; Model 2: $\beta = 0.481$, $p < 0.10$; Model 3: $\beta = 0.391$, $p < 0.10$). This suggests that concentrated leadership enables more rapid and decisive authority, streamlining and facilitating strategic decisions such as internationalisation. Consolidating power within a single Executive, reduces conflicts and discussions within the upper echelons. However, given that the effect is only marginally significant, this evidence should be interpreted with caution.

The pattern of control variable results reinforces the robustness of the primary findings. The fact that TMT diversity and its interactions with CEO-TMT similarity and family ownership remain highly significant even when controlling for the aforementioned set of characteristics, suggests that these relationships represent genuine mechanisms rather than correlations driven by hidden variables.