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FAMILY BUSINESSES AND GLOBALIZATION IN FINLAND

(Suomalaiset perheyritykset ja globalisaatio)

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ABSTRACT: This paper studies whether family businesses (FBs) differ from non-family businesses (non-FBs) in various dimensions of globalization with a representative sample of businesses in Finnish manufacturing and private services. FBs and non-FBs are not so different when it comes to export and off-shore (includes both in-house moves and outsourcing) probabilities and intensities. After controlling for other relevant factors, however, family businesses are less likely to have employment abroad and their shares of foreign employment are likely to be lower than their non-family counterparts. FBs' foreign employment may also be qualitatively different: Compared to non-FBs, FBs seem to be more prone to have employment in the neighboring country rather than in ones geographically more distant. The strategic role of FBs' foreign employment also seems to be different, although due to data limitations we are unable to pin down exactly how. FBs are somewhat more likely to increase their overall Finnish employment in the course of the next few years. This overall observation is largely because family businesses are particularly more likely to hire those with somewhat lower levels of formal education, who also initially tend to command a relatively larger share of their employment.

Keywords: Family business, ownership structure, business objectives, globalization, internationalization, exports, off-shoring, foreign employment.

JEL codes: G32 (Financing Policy; Financial Risk and Risk Management; Capital and Ownership Structure), L21 (Business Objectives of the Firm), L26 (Entrepreneurship), M14 (Corporate Culture; Social Responsibility).

ALI-YRKKÖ, Jyrki – **PAJARINEN,** Mika – **ROUVINEN,** Petri – **YLÄ-ANTTILA**, Pekka, **SUOMALAISET PERHEYRITYKSET JA GLOBALISAATIO**. Helsinki: ETLA, Elinkeinoelämän Tutkimuslaitos, The Research Institute of the Finnish Economy, 2007, 35 s. (Keskusteluaiheita, Discussion Papers, ISSN 0781-6847; No. 1080).

TIIVISTELMÄ: Poikkeavatko perhe- ja muut suomalaisomisteiset yritykset toisistaan globalisaation eri ulottuvuuksissa? Viennin tai toimintojen ulkomaille siirtämisen (mukaan lukien sekä yrityksen/konsernin sisäiset että toiselle yritykselle ulkoistamisen kautta tapahtuvat siirrot) todennäköisyyden tai asteen suhteen merkittäviä eroja ei näyttäisi olevan. Sen sijaan ulkomaisen työllisyyden suhteen eroja näyttäisi olevan. Kun muiden tekijöiden vaikutus huomioidaan, perheyrityksillä on vähemmän todennäköisesti ulkomaista henkilöstöä ja sen suhteellinen osuus on alhaisempi. Perheyritysten ulkomainen henkilöstö poikkeaa myös laadullisesti muiden yritysten vastaavista: se sijaitsee todennäköisemmin naapurimaissa; myös perheyritysten ulkomaisen henkilöstön toiminnallinen rooli vaikuttaa erilaiselta, joskin aineistorajoitusten johdosta ei pystytä tarkkaan sanomaan miten. Perheyritykset aikovat lisätä työllisyyttään Suomessa muita yrityksiä todennäköisemmin. Jo lähtökohtaisesti perheyritykset työllistävät suhteellisesti enemmän hieman alhaisemman muodollisen koulutuksen omaavia (käytetyssä aineistossa ei mitattu muun kuin muodollisen koulutuksen – esimerkiksi työssä oppimisen – kautta hankittua osaamista); niillä on myös muita yrityksiä useammin aikeita palkata heitä lisää lähivuosina.

Avainsanat: Perheyritys, omistusrakenteet, liiketoiminnan tavoitteet, globalisaatio, kansainvälistyminen vienti, toimintojen siirtäminen ulkomaille, ulkomainen henkilöstö.

YHTEENVETO (EXECUTIVE SUMMARY IN FINNISH)

– Uudella vuosituhannella globalisaatio on siirtynyt vaiheeseen, jossa tavaroiden ja palveluiden tuotanto kansainvälistyy ja erikoistuu alueittain, myös yksittäisten yritysten sisällä. Melko pienetkin yritykset hallitsevat arvoketjujaan globaalisti.

– Suomessa ja erityisesti muissa Euroopan maissa valtaosa yrityksistä on perheyrityksiä, ts. sellaisia, joissa perheellä tai suvulla on merkittävä omistusosuus ja joissa sen jäsenet osallistuvat liiketoimintojen johtamiseen.

– Aiemmassa tutkimuksessa on havaittu, että perheyritykset ovat keskimäärin vähemmän kansainvälistyneitä esimerkiksi alhaisemman vienti-intensiteettinsä perusteella. Osin havainto liittyy perheyrityksille tyypillisiin ominaisuuksiin, kuten keskimääräistä pienempään kokoon. Silti myös itse omistusmuodolla näyttää olevan vaikutusta. Esimerkiksi sukupolvenvaihdos saattaa olla ensisysäys perheyrityksen kansainvälistymiselle.

– Tässä raportoitavassa tutkimuksessa globalisoitumista tarkastellaan laajasti: perinteisen viennin ohella tarkastellaan ulkomaisen henkilöstön roolia; lisäksi pohditaan liiketoimintojen siirtämistä yrityksen olemassa olevien tai perustettavien yksiköiden sekä toisille yrityksille ulkoistamisen kautta.

– Raportissa tutkitaan, poikkeavatko perheyritykset muista suomalaisomisteisista yrityksistä globalisaatioilmiön eri ulottuvuuksissa myös sen jälkeen, kun niiden luonteenomaisten piirteiden vaikutus on huomioitu, ja omistajuuden itsenäinen ja suora vaikutus siten eristetty.

– Otoksen perheyritykset ovat muita pienempiä, vanhempia ja työllistävät suhteellisesti vähemmän korkeammin koulutettuja. Ne sijaitsevat vähemmän todennäköisesti pääkaupunkiseudulla, mutta enemmän todennäköisesti muualla Etelä-Suomessa. Tietointensiivisissä liike-elämän palveluissa perheyritysten suhteellinen osuus on erityisen pieni; myös muita merkittäviä toimialaeroja on.

– Viennin ja toimintojen ulkomaille siirtämisen suhteen ryhmien välillä ei havaita eroja.

– Muiden vaikutusten huomioon ottamisen jälkeen havaitaan, että **perheyrityksillä on vähemmän todennäköisesti ulkomaista henkilöstöä ja sen suhteellinen osuus on keskimääräistä alhaisempi**.

– **Perheyritysten ulkomainen henkilöstö poikkeaa laadullisesti** muiden yritysten vastaavista: se sijaitsee **todennäköisemmin naapurimaissa**; myös **perheyritysten ulkomaisen henkilöstön toiminnallinen rooli vaikuttaa erilaiselta**, joskin aineistorajoitusten johdosta ei pystytä tarkkaan sanomaan miten.

– **Perheyritykset aikovat seuraavan kolmen vuoden aikana lisätä henkilöstöään Suomessa muita todennäköisemmin**. Tätä yleishavaintoa selittää lähinnä se, että **perheyritykset aikovat palkata lisää hieman alhaisemman muodollisen koulutuksen omaavia** (käytetyssä aineistossa mitattiin vain muodollista koulutusta, ei muulla tavoin – esimerkiksi työssä oppimisen – kautta hankittua osaamista).

– **Ainakin tietyin ehdoin perheyritykset näyttävät olevan globalisaatiokehityksen tasapainottajia**. Ne ovat varovaisempia ulkomaisen työllisyyden ja sen lisäämisen suhteen, eivätkä ne tee näin kannattavuutensa kustannuksella.

– Globalisaation eteneminen on osaamisharhaista siinä mielessä, että hyödyt koskevat enemmän korkeammin koulutettuja ja haitat matalammin koulutettuja. Perheyritykset työllistävät todennäköisemmin hieman alhaisemman muodollisen koulutuksen saaneita ja ovat myös todennäköisemmin aikeissa työllistää heitä lisää lähivuosina. Niinpä **perheyrityksillä saattaa ryhmänä olla merkittävä rooli globalisaatioon liittyvän rakennemuutoksen tasoittajina**.

Tausta

Tämä raportti on Etlatieto Oy:n Perheyritysten liitto ry:n aloitteesta laatima tutkimus perheyrittäjyyden ja globalisaation eri ulottuvuuksien yhteyksistä Suomessa. Se on laadittu akateemisen tutkimuksen periaatteita kunnioittaen ja tullaan myöhemmin julkaisemaan tieteellisessä aikakauskirjassa. Tämä suomenkielinen yhteenveto on yleistajuinen tiivistelmä tutkimuksen aihepiiristä ja sen löydöksistä.

Globalisaation uusi vaihe

Maailmantalouden globalisaatio – pääoma-, tuote- ja palvelumarkkinoiden maailmanlaajuinen yhdentyminen – siirtyi uuteen nopean kehityksen vaiheeseen 1990-luvun lopulla. Kyse on ollut suurten kehittyvien maiden – ennen muuta Kiinan ja Intian – integroitumisesta osaksi maailmantaloutta sekä kansainvälisten investointien nopeasta kasvusta. Perinteinen tapa kansainvälistyä on ollut tavaravienti, nyt liikkuvat enenevässä määrin pääomat, teknologia ja palvelut. Kotimaiseen tuotantoon perustuvan viennin tilalle on tullut tuotannollinen kansainvälistyminen. Globalisaatiokehityksen edellytyksenä ovat olleet tietoiset politiikkapäätökset vapauttaa pääomien ja hyödykkeiden kansainvälistä liikkumista, mutta itse prosessi on ollut vahvasti yritysvetoinen.

Kansainväliset yrityskaupat ja tuotannon siirtymiset ulkomaille ovat kiistatta olleet viime vuosien merkittävimpiä maailmantalouden ilmiöitä. Taloudellisesta näkökulmasta kyse on erikoistumisesta: kukin maa ja alue erikoistuu suhteellisen etunsa mukaisesti sille ominaiseen tuotantoon. Tämän seurauksena tehokkuus lisääntyy ja hyvinvointi kasvaa periaatteessa koko maailmantaloudessa.

Globalisaatio tarjoaa runsaasti mahdollisuuksia kaikentyyppisille yrityksille. Globalisaatioon liittyy kuitenkin myös kääntöpuolensa. Rakennemuutokset ovat nopeita ja sopeutumiskustannukset saattavat olla suuria yksittäisissä maissa ja eri toimialoilla – yksilöistä puhumattakaan.

Suomessakin yritysten päätökset ostaa ulkomaisia yrityksiä, siirtää toimintoja ulkomaille tai perustaa tuotantoyksiköitä Suomen ulkopuolelle herättävät toistuvan kysymyksen: miten käy työpaikoille Suomessa, millaista tuotantoa ja työllisyyttä tänne jää?

Mustavalkoista ja selkeää kuvaa työllisyysvaikutuksista ei kotimaisen tai kansainvälisen tutkimuksen perusteella voida piirtää. Työpaikkoja syntyy ja tuhoutuu yhtä aikaa, ja työvoiman kysynnän rakenne muuttuu. Toimialojen välisen rakennemuutoksen ohella kyse on toimialojen ja yritysten sisäisestä rakennemuutoksesta.

Keskustelu yritysten toimintojen siirtymisestä maan rajojen ulkopuolelle (ns. *off-shoring*) on vilkastunut kaikissa kehittyneissä maissa, sillä tuotannon lisäksi myös suunnittelua, tietotekniikkapalveluita ja t&k-toimintaa on siirretty aiempaa enemmän matalan kustannustason maihin. Siirtymisten laajuus näyttää vaihtelevan toimialoittain ja toiminnoittain, vaikkakin tutkimustieto *off-shoring*-ilmiöstä on vielä niukkaa (ks. kuitenkin Ali-Yrkkö, 2006). Mielenkiintoinen kysymys on, vaikuttaako omistusmuoto jollain tavalla yritysten käyttäytymiseen; ovatko perheyritykset vähemmän alttiita kansainvälistymiselle ja erityisesti tuotannon siir-

tymiselle ulkomaille, reagoivatko perheyritykset yleensä globalisaatioon liittyviin uhkiin ja mahdollisuuksiin jotenkin muista yrityksistä poikkeavasti?

Globalisaatio ja perheyritykset

Niin Suomessa kuin Euroopassa yleisemminkin valtaosa yrityksistä on perheyrityksiä. Tuoreen selvityksen mukaan perheyritysten osuus yritysten lukumäärästä on Euroopassa keskimäärin noin 80 %, niiden osuus työllisyydestä on 70 % ja kokonaistuotannosta noin 60 %. Suomessa osuudet saattavat historiallisista syistä olla hieman pienempiä, mutta myös meillä perheomisteiset yritykset ovat selvästi suurin yritysryhmä. Hiljattain valmistunut selvitys (Tourunen, 2006) osoittaa, että keskisuurista yrityksistä (50–250 työntekijää) puolet on perheyrityksiä.[1]

Perheyrityksen määritelmä ei ole yksikäsitteinen. Yleisesti perheyrityksellä tarkoitetaan yritystä, jossa perheellä tai suvulla on riittävän suuri omistusosuus, jotta se voi käyttää omistajavaltaa ja että omistus ja johtaminen eivät ole täysin erillään toisistaan

Omistajuuden (perhe- vs. muu yritys) vaikutusta yritysten kansainvälistymiseen on eri maissa tutkittu jonkin verran. Kansainvälistymistä on useimmiten mitattu perinteiseen tapaan viennillä. Tulokset osoittavat ensinnäkin, että perheyritykset ovat keskimäärin vähemmän kansainvälistyneitä kuin muut yritykset. Osittain tämä liittyy perheyritysten keskimääräistä pienempään yrityskokokoon: pienemmät yritykset ovat omistusmuodosta riippumatta yleensä vähemmän kansainvälistyneitä kuin suuret. On kuitenkin myös viitteitä siitä, että itse omistusmuotoon liittyy piirteitä, jotka selittävät keskimääräistä matalampaa laajentumista kansainvälisille markkinoille. Keskitetty kansallinen omistajuus (perhe tai suku) sitoo yritystä maantieteelliseen alueeseen esimerkiksi muun kuin yritysomaisuuden kautta. Keskitetyn suku- tai perheomistuksen merkitykseen viittaa sekin, että jos perheyrityksessä on muita merkittäviä omistajaryhmiä tai sukupolvi vaihtuu, todennäköisyys voimakkaammalle kansainvälistymiselle kasvaa.

Globalisaation uudessa vaiheessa on mielenkiintoista laajentaa kansainvälistymisen käsite kattamaan tuotanto- ja muidenkin toimintojen kansainvälistyminen. Erityisen kiinnostavaa on toimintojen siirtyminen ulkomaille joko yrityksen sisällä tai ulkoistettuna toisiin yrityksiin. Tutkimus on tietääksemme kansainvälisestikin ensimmäisiä, joissa tarkastellaan omistusmuodon (perheyritys/ei-perheyritys) vaikutusta toimintojen siirtoihin ulkomaille.

Tutkimusaineisto

Tässä tutkimuksessa on hyödynnetty ainutlaatuista aineistoa, joka sisältää tietoja mm. suomalaisten yritysten kansainvälistymisestä. Aineisto perustuu kesällä 2006 tehtyyn kyselyyn, jonka kohderyhmänä olivat vähintään 10 henkeä työllistävät yritykset teollisuudessa ja yksityisissä palveluissa. Tässä tutkimuksessa aineistosta on rajattu pois ulkomaalaisomisteiset yritykset, minkä jälkeen siinä on tietoja kaikkiaan 515 suomalaisomisteisesta yrityksestä ja

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[1] Koko yrityskannassa perheyritysten osuus lienee jonkin verran suurempi; tiedot tältä osin eivät vielä ole saatavissa.

näiden kansainvälistymisestä, ulkoistuksista kotimaahan ja ulkomaille sekä yritysten tai konsernien sisäisistä toimintojen siirroista eri maiden välillä. Aineisto sisältää tietoja myös näiden yritysten laajentumissuunnitelmista lähivuosina. Otoksesta noin 60 prosenttia on perheyrityksiä (perheyritysten osuus olisi 52 %, mikäli myös ulkomaalaisomisteiset olisivat mukana otoksessa ja ne tulkittaisiin ei-perheyrityksiksi). Niiden kansainvälistymistä ja tulevaisuudensuunnitelmia verrataan otoksen muihin yrityksiin. Kullekin otoksen yritykselle luotujen painokertoimien avulla tulokset ovat yleistettävissä koko kohdepopulaation tasolle.

Tutkimuksen keskeiset tulokset

Otoksen perhe- ja muut suomalaisomisteiset yritykset poikkeavat toisistaan monissa suhteissa. Perheyritykset ovat pienempiä (mitattuna työllisyydellä Suomessa), vanhempia ja ne työllistävät vähäisemmässä määrin kaikkein korkeimmin koulutettuja (käytetyssä aineistossa mitattiin vain muodollista koulutusta, ei muulla tavoin — esimerkiksi työssä oppimisen kautta — hankittua osaamista). Maantieteellisesti ne sijaitsevat vähemmän todennäköisesti pääkaupunkiseudulla, mutta enemmän todennäköisesti muualla Etelä-Suomessa. Teollisuudessa perheyrityksiä on suhteellisesti enemmän metsätalouteen liittyvillä aloilla (sisältäen mm. sahat) sekä vähemmän elektroniikka- ja sähköteknisillä aloilla. Palveluissa perheyrityksiä on suhteellisesti enemmän liikenteessä ja vähemmän tietointensiivisissä liike-elämän palveluissa (sisältäen mm. tietoteknisten ohjelmistojen tuotannon ja t&k-palvelut). Näiden merkittävien erojen johdosta perhe- ja muiden yritysten mahdollisia eroja globalisaatioon liittyvissä kysymyksissä on syytä tarkastella moniulotteisesti siten, että peruserojen vaikutukset tulevat otetuksi huomioon ja itse omistajuuden puhdas ja suora vaikutus siten eristetyksi.

Tulokset viittaavat siihen, ettei perhe- ja muiden yritysten välillä ole merkittäviä eroja, mitä tulee viennin tai toimintojen ulkomaille siirtämisen todennäköisyyteen tai laajuuteen. Ulkomaisen työllisyyden suhteen eroja näyttäisi kuitenkin olevan. Kun muiden tekijöiden vaikutus otetaan huomioon sekä sallitaan iän (ja koon) erisuuruiset vaikutukset ryhmien välillä (ks. Table 6, jossa on empiirisesti suositeltavan mallin mukaiset tulokset) havaitaan, että *perheyrityksillä on vähemmän todennäköisesti ulkomaista henkilöstöä ja ulkomaisen henkilöstön osuus koko henkilöstöstä on keskimääräistä pienempi*.

Analyysissa nousee esiin myös useita viitteitä siitä, että *perheyritysten ulkomainen työllisyys poikkeaa laadullisesti* muiden yritysten vastaavasta. Näyttää esimerkiksi melko selvältä, että perheyritysten ulkomainen henkilöstö on todennäköisemmin naapurimaissa (tässä mukaan lukien Baltian maat). Maantieteellisen sijainnin ohella näyttäisi olevan ulkomaisen henkilöstön rooliin liittyviä eroja, mutta valitettavasti aineistoon liittyvien rajoitteiden johdosta näitä eroja ei pystytä tässä tyhjentävästi tyypittelemään.

Vaikka varsinaisissa globalisaatioulottuvuuksissa perhe- ja muiden yritysten erot ovat melko vaatimattomia, tarkasteltaessa aikeita lisätä työllisyyttä Suomessa paljastuu selviä eroja. Kun muiden tekijöiden vaikutus huomioidaan sekä sallitaan iän (ja koon) erisuuruiset vaikutukset ryhmien välillä (ks. Table 8, jossa on empiirisesti suositeltavan mallin mukaiset tulokset) havaitaan, että *perheyritykset aikovat seuraavan kolmen vuoden aikana lisätä työllisyyttään Suomessa muita yrityksiä enemmän*. Tämän yleishavainnon taakse piiloutuvat kuitenkin merkittävät (muodollisen) koulutusasteen mukaiset erot: *erityisesti perheyritykset aikovat palkata lisää hieman alhaisemman muodollisen koulutuksen saaneita*.

Voidaanko perheyrityksiä ryhmänä pitää nykyistä globalisaatiokehitystä tasapainottavana voimana? Tutkimustulostemme perusteella vastaus on ehdollinen ”kyllä”. Perheyritykset näyttävät olevan varovaisempia mitä tulee ulkomaiseen työllisyyteen ja sen suhteellisen osuuden lisäämiseen. On myös tärkeää huomata, etteivät ne tee näin kannattavuuden kustannuksella. Asiaan on kuitenkin potentiaalisesti tätä yleishavaintoakin tärkeämpi näkökulma.

Suomen ja monien muidenkin maiden osalta globalisaation eteneminen on ollut ”osaamisharhaista” siinä mielessä, että suhteellisesti enemmän siitä ovat hyötyneet korkeammin koulutetut, kun taas sen haitat ovat voittopuolisesti päätyneet hieman vähemmän koulutettujen kannettaviksi. Perheyritykset työllistävät todennäköisemmin hieman alhaisemman muodollisen koulutuksen saaneita **ja** ovat todennäköisemmin aikeissa työllistää heitä lisää lähivuosina.[2] Niinpä niillä saattaa ryhmänä olla merkittävä rooli osin globalisaatioon liittyvän rakennemuutoksen tasoittajina.

[2] Kyselyssä ei mitattu muun kuin muodollisen koulutuksen kautta hankittua osaamista.

1. INTRODUCTION

European view

Family business (FB) is a sizable economic force through the world: 3i (a British private equity and venture capital firm, http://www.3i.com/) claims that some 80% of European firms are FBs providing 70% of employment and 60% of GNP (3i, 2007; Burns & Whitehouse, 1996). While these figures must be taken with a grain of salt,[3] they do suggest that FBs, even if they appear to be on average smaller (in terms of employment) and seem to be concentrated on lower value added activities (in terms of the value added to employment ratio) than non-family businesses (non-FBs), should be taken seriously, and that the possible differences in the behavior and characteristics between FBs and non-FBs may have non-trivial implications.

Even if the most recent wave of globalization, understood here as the increasing connectivity, interdependence, and geographical dispersion of markets and businesses, has been ongoing at least since the 1980s, it seems that it has entered a new phase since the turn of the millennium.[4] Earlier the developed countries were the main beneficiaries of the worldwide deregulation and liberation of the goods and services (including trade in pure information), as well as the financial and investment markets; in recent years their favorable positions have been increasingly threatened by rapidly raising developing countries such as Brazil, China, India, and Russia, increasingly often also in relation to white-collar jobs in high-tech sectors and in altogether new fields, that have traditionally been thought of as exclusively the domain of the industrialized north and west.

Many observers paint a rather gloomy picture for the future of Europe. It has been suggested that, unless it is able to renew itself, in the longer run the whole continent might turn into an outdoor museum featuring life as it used to be in the past. This view is undoubtedly too pessimistic, and in time Europe and its economies will most likely adapt as necessary. In the shorter run, however, off-shoring of business activities is a potential threat to the European economy. To the extent that FBs differ from non-FBs in their responses to the opportunities and threats brought about by the ever-deepening globalization, their significant presence in the economy may balance the effects, and thus providing some additional time to adjust.

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[3] It is unclear, what are the exact definitions employed, and how sole proprietors are treated upon calculating the figures. Furthermore, as 3i offers services to FBs, it might not be providing impartial information. As there is no official or otherwise statistically valid comparison point, however, we use these figures as the best available estimates.

[4] A more commonly used term in this context is internationalization, which in a narrow sense may be defined as increasing involvement in cross-border operations via exports and/or foreign direct investment; thus internationalization would be a subset of processes under the term globalization. Beamish (1990), among many others, is promoting a broader definition of internationalization that in essence is the same as the proposed definition of globalization. The two terms are used almost interchangeably in this paper.

Finnish view

FBs play a less prominent role in Finland than in most other European countries. The Ministry of Trade and Industry, Statistics Finland (the central statistical office), and University of Jyväskylä are conducting an official count of FBs in Finland: the findings so far suggest that about half (50%±2–3 percentage points depending on the exact definition of the population) of the medium-sized firms (50 to 249 employees) are FBs (Tourunen, 2006), which is still a high figure.[5]

Given the country's history and the features of its institutional environment, it is hardly surprising that Finland lags behind the rest of Europe when it comes to the "familialiness" of its business. While in the dawn of Finnish industrialization in the late 1800s FBs, often established by immigrants and their families, were of considerable importance and even today some of the oldest operating firms in the country are FBs, in the postwar era they have not been particularly prominent in the Finnish economy. Right after the Second World War, as the country was industrialized almost overnight, the government became very active in major industrial sectors, some of which became dominated by state-owned companies. That, combined with very pro (heavy) investment policies and a bank-centric financial system, suppressed the role of FBs and smaller firms in general. Even if entrepreneurial firms were "tolerated", they were not particularly favored or promoted. Furthermore, up until recently the country remained relatively poor in terms of average income as well as accumulated wealth; thus, the "breeding ground" of FBs has at least historically been less fertile than for instance in the neighboring country of Sweden. Furthermore, the heavy and progressive taxation as well as widespread provision of public services do not particularly promote accumulation of private wealth; inheritance taxes in turn hinder the transfer of accumulated wealth to later generations.

As part of a major national project on the issue of globalization, Pajarinen, Rouvinen, and Ylä-Anttila (1998) conclude that up until the turn of the millennium Finland had greatly benefited from the preceding decade of worldwide de-regulation and liberalization, particularly in relation to certain key industries such as energy and telecom. It seems, however, that early in the new millennium the situation is not necessarily the same. In its annual executive opinion surveys, IMD (Institute for Management Development, http://www.imd.ch/wcc), a global authority in the competitiveness of nation-states, inquires, whether or not the respondents consider the relocations of production, R&D, and services as threats to the futures of their national economies: in 2000 executives in Finland seem to have been among the least concerned about relocation; by early 2005 they changed their views considerably.[6] A further

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[5] The figures for smaller and larger firms are unavailable, as the work is still incomplete. The overall figure for the Finnish firm population is likely to be considerably higher but still well below the afore-mentioned European figure.

[6] From 2000 to 2005 Finns went, in terms of production, from being the 12th to the 41st, and, in terms of R&D, from being the 3rd to the 13th least concerned about relocation among the sixty or so economies considered. The question regarding services was not asked in 2000; in 2005 Finns were the 6th least concerned about the relocation of services, perhaps in part reflecting the country's relative isolation in terms of culture, geography, and language.

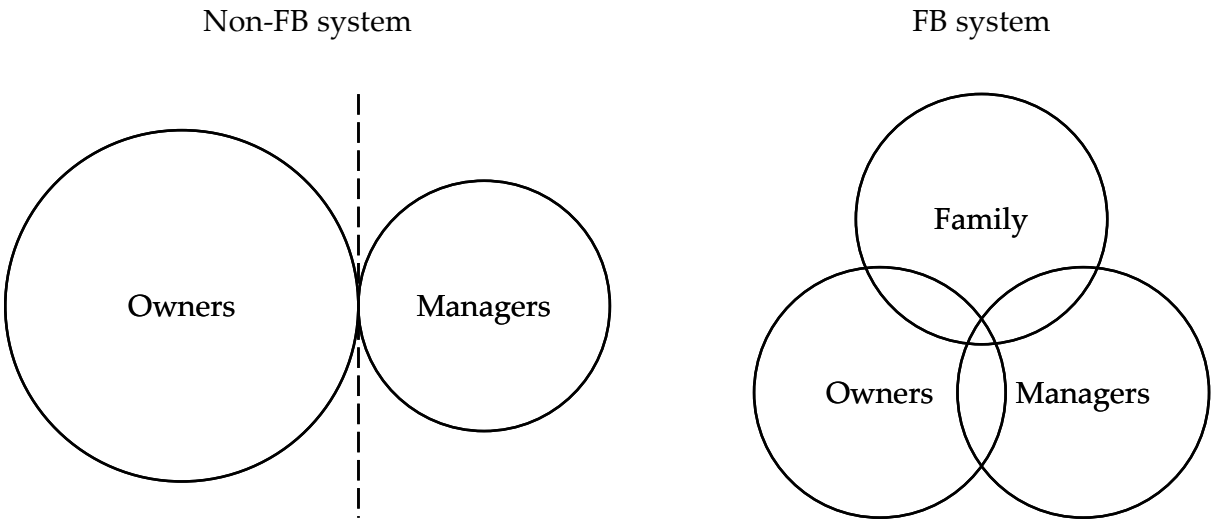
implication of concerns that the globalization phenomenon may have turned a cold shoulder on the country is that in the new millennium no less than two groups of experts of the highest level, both initiated by the Prime Minister, have studied the country's possible responses to the most recent challenges brought about by globalization.

This paper studies the FB—non-FB differences in relation to various aspects of globalization. While the data employed concerns Finland, the findings may be applicable in the context of other advanced economies. Do FBs differ from non-FBs in various dimensions of globalization? If so, how? Have FBs been, and will they continue to be, a balancing force in the recent wave of off-shoring? Can family business (even in part) save us from the (possibly) adverse effects of globalization?

2. FEATURES OF FAMILY BUSINESSES

While there is no over-arching theory of family business, the systems approach or the "three circles" model, summarized in Figure 1, is nearly universally accepted in the field, and its core features are in agreement with various complementing theories and views.

Figure 1. The non-family and family business systems.



Source: Swinth and Vinton (1993, a modified version of Figure 1).

Let us first consider a non-FB illustrated in the left-hand side of Figure 1. A stereotypical view of a non-FB is that a complete separation of ownership and management prevails. Thus, there is a well-defined (group of) principal(s) or owner(s) and an equally well-defined (group of) agent(s) or manager(s). It is often thought that there are many owners with well-diversified asset portfolios, who are nevertheless able to coordinate and act as one principal. While the firm hires many managers and other workers, it is often thought that the principal interacts mostly or solely with the CEO. The interests of the owner(s) and the manager(s) are not aligned, which brings about the classical principal-agent problem. The principal tries to solve the problem by hand-picking, and possibly swapping from time-to-time, the most suitable agent, as well as by devising control and incentive mechanisms to prevent undesirable,

and promote desirable, behavior. Reasonable first approximations are that the principal is maximizing the return on his or her portfolio at the desired risk level, the agent is maximizing his or her lifetime net utility, and the non-FB is maximizing the net present value of the expected stream of future profits.

Let us then consider an FB illustrated in the right-hand side of Figure 1. Besides the ownership and management subsystems, the FB also includes the family subsystem. As indicated, it overlaps the two to a varying degree. The familialiness of the firm is defined by the existence and magnitude of the overlaps of the family and the two other subsystems: in order to be considered an FB, typically at least some overlap of all three (at least implicitly) and considerable overlap with the family and ownership (often a majority of the voting rights) is required. In this context "family" refers to the extended family including (close) relatives, that is, those connected by a shared bloodline or marriage, as opposed to just the core family consisting of the parent(s) and the direct off-spring. The idea of transferring the business from generation to generation within the family is often associated with FBs and also subsumed in related definitions.

Thus, a family business is defined as having a certain family equity stake and the family members holding (some) managerial positions. At the prevailing (implicit) market price the family is holding on to its majority or even 100% of the equity. Certain managerial positions are ear-marked for the family members. These observations have led many to conclude that FBs face both financial and human capital constraints. It should be noted, however, that the financial constraint is of a specific type, that is, an FB may have certain (self-imposed) constraints when it comes to equity.[7] The position in the debt market depends on how creditors value its familialiness, which is an open question. The claim on the human capital constraint of FBs depends on the assumption the respective pools of applicants are somehow similar. This is unlikely to be the case for at least two reasons: a family member has been exposed to the firm and its business since birth (making him or her more knowledgeable about the business), and, if put to a given position, due to his or her other family ties is likely to be more committed to maintain employment at the firm. While it is true that a non-FB will have more and better managerial talent it could in principle hire, it is not at all clear which type of firm has an advantage at a given rate of managerial compensation. It may well be that a small non-FB could never afford to attract the kind of managerial talent an FB happens to have at its disposal. With the above discussion we simply wish to highlight that ultimately it is an empirical question whether or not FBs have financial and/or human capital constraints *vis-à-vis* non-FBs.

Based on the observation that ownership and management overlap, early literature saw FBs as a solution to the principal-agent problem. This is, however, necessarily true only in the special case of a single owner-manager, which by most definitions is not even an FB, and likely to be true if all family owners equally participate in managing the firm. Thus, in a typi-

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[7] There may also be less internal finance available for the simple reason that by holding on to the equity the owners cannot "cash-in" the increase in the (implicit) market value of the company, and thus the primary way to earn returns is the dividends paid out by the FB.

cal case an FB has its own principal-agent problem, possibly with further twists brought about by the presence of the family.

The family subsystem has certain intrinsic features that spill over to the business side. Family members are altruistic towards each other both in the current and the future generations. While this is true for most families and parents, this caring for others takes a specific form in the context of an FB: the caring (and possibly other feelings) for others may be acted out in business decisions. It may even be the case that it is the business that in major part defines what the family is and what it means to its members. As for parents' altruism towards their children, in the FB context it may take a specific form: the previous generation is not only interested in transferring wealth, skills, competences, values, and culture, but also specific (not-for-sale) assets as well as expertise in managing them to the future generations.

A family is a complex and multidimensional social construct. No two families are alike; even the configuration of the same family changes continuously. Thus, any possible "mold" cannot suit but a handful of FBs at best. Thus, accurate characterizations of the phenomenon either theoretically or empirically are rather challenging. But, at a stereotypical level, what are the implications of the above differences on the respective behaviors of FBs and non-FBs?

Owners of a non-FB are thought to hold well-diversified portfolios, and thus are not concerned about the firm-specific risk; the managers are aware of this. Via established incentive mechanisms their compensation depends asymmetrically on performance: as long as they stay employed, they will earn at least their monthly wages; if the firm performs well, they will be rewarded handsomely. Thus, a non-FB is at the least risk-neutral; it is quite possible that it is in fact risk-seeking. Owners of an FB do not hold well-diversified portfolio: a considerable fraction of their wealth is tied to the FB. As owner-managers their compensation depends more symmetrically on the firm's performance. While they may have higher job security than hired managers, they have a unique "triple risk": their financial net worth is correlated with the FB's performance, their job and related earnings are tied to the FB, and so are those of their family members, presumably the most likely financial and social safety net in times of hardship. Thus, an FB is likely to be risk-averse, and may in fact be mostly interested in avoiding scenarios where the triple risk would realize rather than maximizing returns.

An FB has less need for certain control and incentive mechanisms designed to alleviate the classical principal-agent problem. They may also be more difficult to implement, as family members are also expected to trust each other in the absence of such mechanisms. Because involved family members may not be as likely to consider other employment and the owners are less likely to consider replacing members of the management, FBs are likely to have less turnover at least at the top end. These observations, with the concentration of ownership and its overlap with the management, have implications for the governance, management, and organizational structures of FBs. Compared to non-FBs, FBs are likely to be conservative, informal, centralized, and long-term orientated. FBs are likely to have weaker external control and influence, more intense communication and mutual understanding among the top management, and less developed information and control systems. They are likely to leave fewer "paper trails" (knowledge stored more in people than in writing), have a less clear chain-of-command in business decisions, and be more reluctant to implement organizational changes.

3. FAMILY BUSINESSES AND GLOBALIZATION

Besides exports and foreign direct investment, the interest in this paper is on outsourcing and off-shoring of business activities. Any activity no longer produced within the firm (or group of firms) is outsourced. Any activity no longer being conducted in the originating country is off-shored. Thus, as Figure 2 indicates, the combinations of the two dimensions can be expressed with a two-by-two matrix. Much of the recent public discussion has in fact revolved around off-shore outsourcing, although in-house off-shoring, whether it means shifting the balance between the firm's already operating units or establishing altogether new units abroad, has similar consequences from the point of view of the emitting national economy.

Figure 2. Outsourcing (horizontal), off-shoring (vertical), and their combinations (the figure refers to a group of companies or various establishment locations of a firm).

		Own production vs. buying	
		Internal to group	External to group
Task location	Home country	No changes	Domestic outsourcing
	Foreign country	In-house offshoring	Offshore outsourcing

Source: Secretariat of the Economic Council (2006, Figure 2.1).

The characteristics of FBs discussed in the previous sections have implications on their internationalization and globalization. Due to their risk-averseness and conservativeness in general, FBs may be less keen to expand their business activities beyond the national borders. They might face certain financial and human capital constraints hindering global expansion.[8] Internationalization necessarily brings about changes in the firm's organization, as well as emphasizes the need for (formal) control, information, and management structures (for example, a certain degree of de-centralization in decision making), which might make FBs' cross-border expansion even more challenging than it is for non-FBs. Expansion presumes that the firm's structure is scalable; at least if managerial positions are only filled by family members, an FB's expansion has natural limits. Thus, in relative terms, on average FBs might have less urge to go global and due to their idiosyncrasies, they might be more challenged by it. Obviously FBs' unique features may also be an impetus for internationalization: there might be certain opportunities abroad that they are better able to exploit than non-FBs.

[8] Although it should be said that the need to "make room" for family members entering the business, as well as personal connections , might specifically be motivators for cross-border expansion.

A yet undiscussed aspect is that FBs may be reluctant to outsource and off-shore because they are so deeply embedded in the local community and consider it their duty to continue local production. Intuitively this is quite easy to understand. While as individuals we are rather mobile, extended families are considerably less so. Certain assets, such as an old family estate, cannot be moved or truly enjoyed from a distance. How these factors fit into day-to-day business decisions is much less clear. These may nevertheless translate into a certain flavor of corporate social responsibility that is presumably more prevalent among FBs. Westhead's (2003, Table IV p. 100) carefully crafted survey suggests that a prime objective (out of 12 statements) of an FB is (1.) to ensure the survival of the business (96% of the respondents agree with the statement), (2.) to ensure the FBs' employees have secure jobs (88%), and … (6.) to enhance the reputation and status of the FB in the local community (76%).[9]

4. PREVIOUS LITERATURE

This section reviews recent empirical articles that consider aspects of both family business and globalization. Related literature concerning the globalization of entrepreneurial, smaller, and/or younger firms is not considered. The family business literature at large has recently been reviewed by Sharma (2004).

Casillas and Acedo (2005) study the influence of family involvement on internationalization with a sample of 222 Andalusian firms. Internationalization measures are export intensity (exports to sales) and a summary of the firm's international involvement in the last five years (on a 7-point scale). The familialiness of the firm falls into one of four categories based on the family's ownership, involvement in the top management, and having the second (or further) generation(s) to work in the firm. Other variables include the CEO's characteristics, the use of public internationalization support entities, as well as firm size (both employees and sales) and age. The results of the partial least squares structural modeling suggest that family involvement is associated with a higher perceived risk of internationalization. No direct relation is observed between the firm's familialiness and its level of internationalization; the authors suggest that the impact of familialiness on internationalization is mostly indirect, that is, influencing internationalization, for example, through smaller average firm size. These interactions are not, however, formally analyzed.

Crick, Bradshaw, and Chaudhry (2006) investigate the FB—non-FB differences in their perceived foreign market performance with an UK sample of 96 SMEs (less than 250 employees), all of which are the Queen's Award for Export recipients and 23% of which are FBs. The performance is measured by the perceived competitiveness of the firm in terms of export volume, growth, profitability, and market share (all measured on a 5-point scale). FBs meet a fourfold criterion: the firm is an FB in the senior executive's subjective opinion, there is family ownership and family leadership, and the family is involved in the management. The results of univariate non-parametric tests suggest that there are neither statistically significant

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[9] The usefulness of these results is slightly diminished by not having a similar non-FB comparison group. Here we have calculated a weighted average of the reported first- and multi-generation FB results.

FB—non-FB differences in their perceived overseas performance nor strong evidence for differences in the bundles of resources enabling them to be successful. The authors suggest that their non-findings may relate to the fact their sample is limited to firms that have *a priori* been recognized as being successful in their internationalization.

Davis and Harveston (2000) examine the effects of an entrepreneur-founder's age and education, as well as the firm's Internet usage (on a 4-point scale), the importance of IT investments (on a 5-point scale), and size on the firm's internationalization with a 1997 sample of 982 US first-generation FBs run by the entrepreneur-founder. Internationalization is measured by a 5-point scale of export intensity (0%, less than 10%, less than 25%, less than 50%, over 50%). The ordinary least squares estimation results suggest that FBs with a more educated founder tend to be more internationalized. More intense Internet usage is associated with a higher level of internationalization among FBs. The authors imply a causal interpretation of the results, although causality is not formally studied.

Fernández and Nieto (2005) study FBs' internationalization strategies with a 1991–1999 unbalanced panel of some 1,500 Spanish SMEs (10 to 200 employees), 56% of which are FBs (only the total number of 9,698 observations is exactly reported). Internationalization measures are export propensity (indicates whether the firm is an exporter or not) and export intensity (exports to sales). The firms with one or more members of the owning family among the managers are considered FBs. The other variables supplement the analysis of FBs: a subsequent-generation FB (simply indicates that the FB is over 30 years old), another company has invested in the FB, and the FB has wholesale or retail sales agreement(s). The control variables include size (employees), indebtedness (debt to liabilities), and the mean export intensity of the sector. Univariate t-tests, as well as the probit and tobit regressions, suggest that, compared to non-FBs, FBs have lower export propensities and intensities. Among FBs the ones that have ascended beyond the first generation, have another firm as an owner, and/or have sales agreements tend to be more internationalized.

Fernández and Nieto (2006) study the influence of ownership type on internationalization with in essence the same sample as above (Fernández & Nieto, 2005);[10] firms with another firm holding a long-term block equity position represent almost 18% of the sample; 3% of the sample are FBs and have another firm as a block equity holder. Internationalization measures and the definition of an FB are as above. Other ownership variables are a corporate block ownership indicator, a further indicator for foreign block ownership, and the interaction of block ownership and the FB indicator. Control variables include R&D intensity (lagged expenditure to sales), an indicator of having sales agreements, firm age and size (employees), as well as the mean export intensity of the sector. The probit and tobit regressions suggest a weak negative association with family ownership and internationalization. Having a corporate ownership is positively associated with internationalization among both FBs and non-FBs.

Gallo and Pont (1996) identify and examine the factors affecting FBs' internationalization with a sample of 57 Spanish FBs. Internationalization is measured by export intensity, the share of foreign sales, and the share of foreign sales by the firm's units abroad. The explana-

[10] The total number of observations is 8,497.

tory factors include various "rigidity" and "elasticity" variables. The results derived via combinations of factor analyses and ordinary least squares regressions suggest that less internationalized FBs are more locally orientated and have inadequate technology; multigenerational FBs tend to be more internationalized.

Graves and Thomas (2004) study whether FBs and non-FBs differ with regard to their propensities and intensities of internationalization with a 1995/6–1997/8 sample of about 360 Australian firms, some 60% of which are FBs. Internationalization is measured by export intensity (has exports) and having above/below median export intensity (exports to sales). If a firm is majority family owned and at least one family member is in the management team, it is considered an FB. The control variables include R&D intensity (R&D to sales), being engaged in formal networking with other firms, intending to increase production, as well as firm age and size (employees). Univariate tests and logistic regressions suggest that FBs are less likely to export than non-FBs. Conditional on exporting, there is no statistically significant evidence that FBs would have a lower export intensity than non-FBs.

Thomas and Graves (2005) extends the above-discussed Graves and Thomas (2004) paper with further statistical analysis and case studies. The findings suggest that FBs are more likely to focus on the domestic market than non-FBs. Individual family members are important in FBs' internationalization. FBs' internationalization may be hindered by their managers relative non-autonomy.

Graves and Thomas (2006) compare the managerial capabilities of FBs and non-FBs with respect to internationalization with a 1995/6–1997/8 sample of 890 Australia firms, some 70% of which are FBs. Measures of internationalization are defined as above (Graves & Thomas, 2004). Firms that are majority family owned are defined as FBs. Managerial capabilities measures include the number of full-time managers, having non-family managers, providing employee training, and having a formal strategic or business plan. Univariate test results suggest that the managerial capabilities of non-FBs expand with internationalization whereas this was not evident in the case of FBs. Thus, the managerial capabilities of FBs seem to lag behind non-FBs as they expand internationally; despite this FBs seem to be able to achieve high levels of internationalization, which may be due to relative efficiency in managing resources.

Menendez-Requejo (2005) study the FB—non-FB differences in internationalization strategies with a 2001–2 sample of 1,506 Spanish firms, of which 37% are FBs. A firm is considered internationalized, if it exports, has made foreign direct investment(s), and/or is engaged in foreign alliance(s). FBs are defined to be those with family owners in managerial positions. The control variables include being part of a group of companies, the debt ratio, an FB in its second generation (the firm age is 30–60 years), profitability (return on investment), and size (logarithm of sales). The results of logistic regression suggest that being an FB *per se* does not seem to be related to internationalization; second generation FBs have, however, a higher probability of being internationalized.

Okoroafo (1999) surveys global business attitudes and activities of FBs with a 1997 sample of 187 firms from northwest Ohio (USA), of which 86% are FBs. Internationalization is measured by exports and being an FB by the respondent's self-assessment. The analysis is based on comparing various group means. The survey results suggest that FBs are not well integrated into international operations and that they are mostly unaware of the available public

internationalization support. Relatively few FBs have ties with their foreign counterparts, but many would like to have them. If an FB is not internationalized under the leadership of the first or the second generation, it is unlikely to do so later.

Zahra (2003) studies the interaction of family involvement and internationalization with a 1997/2000 sample of 409 manufacturing firms in five US states (Georgia, Tennessee, South and North Carolina, as well as Virginia), 43% of which are FBs. The measures of internationalization are share of sales in foreign markets and the number of countries in which the firm sells its product. FBs are defined as those with an identifiable share of family ownership and having multiple generations in the firm's leadership positions. The familialiness is measured by two ownership variables (the share of equity held by the family and the share of equity held by inside (family) directors) and five involvement variables (the FB is closely held, the founder is both the CEO and chairman of the board, the share of the firm's directors that are also members of the family, the number of family generations working for the firm, and an index of family involvement in strategic planning (on a 5-point scale)). The other variables include firm age, size (log of employees), being in a high-tech industry, profitability (return on equity), the motivation for internationalization (a factor derived via a factor analysis of a 4-item instrument; the individual items on a 5-point scale), as well as the current CEOs tenure. The univariate tests and ordinary least squares regressions suggest that being a closely-held FB is associated with a lower level of internationalization in terms of both measures; this is not the case for other FBs (that are not closely-held). After controlling for being an FB, more intense family involvement is associated with a higher share of foreign sales but a lower number of countries the firm has sales to. The author suggest that the results may relate to the owner-managers interest to keep family members involved via internationalization, FBs may approach internationalization more cautiously, and that FBs may be more motivate by the long-term performance enhanced through internationalization.

The reviewed articles generally suggest that internationalization propensities and intensities of FBs are lower than those of non-FBs. These differences become, however, less clear when other distinguishing features are accounted for. Upon internationalizing FBs maintain their distinguishing features: they remain cautious, emphasize long-term performance, and, despite expanding geographically, do not necessarily broaden the top management accordingly. FBs' internationalization may be aided by having another firm as a significant equity holder and a change of generation. Individual family members and their characteristics may play a considerable role in internationalization. There is some indication that FBs' internationalization may also qualitatively be different.

5. DATA

The questionnaire was designed and data collected as part of the project conducted for the Prime Minister's Office in Finland (some properties of the data, as well as some basic results, are reported in Secretariat of the Economic Council, 2006). The target population consists of

firms with at least 10 employees in manufacturing and private services.[11] The stratified random sample and associated weights were determined in association with Statistic Finland's Register of Enterprises and Establishments, which has the statutory duty to maintain a complete and continuous record of all businesses in the country. The strata and other details are discussed in the Appendix. The computer-aided telephone interviews were carried out by TietoYkkönen Oy, whose specifically trained staff regularly carries out similar surveys for the Bank of Finland, various ministries, and other clients. The survey was conducted in the summer of 2006 (with some retrospective and forward-looking questions) and it yielded 653 usable observations; the response rate was 40%. Unless otherwise mentioned, all results reported in this paper employ the sampling weights.

The family business status is defined by the CEO's (or the other respondents belonging to the top management) response (self-assessment) to the following question: Is your firm a family business or a subsidiary of a family business? (the author's translation of the following question asked in Finnish: "Onko yrityksenne perheyritys tai perheyrityksen omistama tytäryritys?"). With this definition 51.6% of the sample firms are classified as being FBs. While this is a simpler definition than employed in some examples in the recent literature and hardly does justice to the complexity in the familialiness, "on average" the measure seems to perform perfectly.[12] Furthermore, it should be pointed out that any problems with the measure will be biased against finding any existing FB—non-FB differences with respect to globalization, so possible deficiencies in this respect should not be held against our results.

As with any general firm population, the sample also includes foreign-owned companies and subsidiaries with parent companies abroad. These companies are, however, excluded from the analysis below for two reasons: First, due to the structure of the survey, the FB status of these firms is uncertain. Second, ultimately the decisions regarding these firms are made outside Finland. These firms are satellites rather than hubs in a global network; thus, they will potentially respond differently to globalization and when they do, the actions may be carried out via the group's existing global network.[13]

6. SAMPLE PROPERTIES

Table 1 shows the descriptive statistics of the data consisting of the 515 Finnish-owned manufacturing and private services businesses with 10 or more employees firms operating in Finland. In the first two numerical columns the mean and standard deviation refers to the whole sample. The last three columns report the FB and non-FB means, as well as the statistical significance of the difference between the means (a two-sided t-test without assuming equal variances across the two groups).

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[11] NACE Rev. 1.1: 15–37, 50–74. Private services is a short name for industries not dominated by public provision.

[12] If we calculate this percentage over mid-sized firms (those with 50–249 employees), the percentage is 51.9%, which is almost exactly the same as Tourunen (2006) gets after carefully combing the population of Finnish mid-sized firms and determining their FB status.

[13] Including the foreign-owned companies in the non-FB control group does not change our overall conclusions.

The first section of Table 1 refers to the dependent variables. Propensities are indicator variables having the value of one if the firm is engaged in the activity and zero otherwise. Intensities refer to the level of engagement in the activity in question over all firms, that is, also included those that are not engaged in the activity in question (Table 2 and Table 4 report some conditional means). As can be seen, about one-third of the firms have at least some exports (unless otherwise stated, all results in this paper are derived with the sampling weights). On average exports account for a little under one-tenth of sales. A little under one-tenth have at least some employment abroad; on average it accounts for 1.6% of the firms' total employment. 3.6% of the firms have done in-house and/or outsource off-shoring in 2001–6.[14] About half of the firms plan to increase Finnish employment in 2006–9. FBs are less likely to increase the employment of those with a high formal education (at or above a master equivalent degree, 17% vs. 40%) and more likely to increase the employment of those with a low formal education (below a bachelor equivalent degree, 34% vs. 15%) than non-FBs.

The second section of Table 1 refers to the set of non-categorical explanatory variables, as well as a couple of indicator explanatory variables. About 59% of the firms are FBs; had we not excluded the foreign-owned firms (for discussion see the previous section) the figure would have been 52%. As can be seen, FBs are on average older (19 *vs*. 15 years) and smaller (the average number of employees in Finland: 54 *vs*. 163). There is no statistically significant difference in terms of having multiple establishments or profitability (although the mean values would seem to suggest that FBs are on average more profitable). Note that we include both R&D propensity and intensity (expenditures to sales) among the explanatory variables. While the rather sizable difference in the means would seem to suggest that FBs are less R&D intensive than non-FBs, due to the large variance the difference is not statistically significant. FBs employ a much lower share of workers with a high formal education. The means suggest that the shares of workers with a medium or low formal education are higher in FBs, although only in the latter case the FB—non-FB difference is weakly statistically significant. We do not know the composition of the employment by educational level for about 7% of the firms. In the multivariate analysis the missing values of the three shares have been coded as being zero, but, in order not to introduce any kind of bias into the analysis, we have coded a separate indicator (dummy) indicating that such replacements have been made.

The last two sections in Table 1 refer to the regional and industry indicators (dummies). The reference or comparison point is the Helsinki metropolitan area. The other four areas refer to the principal compass points. FBs are less likely to locate in the Helsinki region but somewhat more likely to locate in other parts of Southern Finland. Among the eleven major industries, the most striking FB—non-FB difference is in the knowledge-intensive business services (including software):[15]: less than 7% of the FBs but over 27% of the non-FBs are in KIBS.

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[14] Off-shoring intensity is the ratio of the 2001–6 off-shored man-years to the 2003 employment in Finland.

[15] KIBS consists of the following NACE Rev. 1.1 industries: 642, 721, 722, 723, 724, 726, 73101, 73102, 73103, 73200, 74111, 74112, 74113, 74119, 74121, 74122, 74129, 74872, 74130, 74401, 74402, 74409, 74873, 74200, 74201, 74202, 74203, 74204, 74205, 74206, 74207, 74208, 74209, 743, 74871, 74140, 74501, 74502, 74509, 80220, 80300, 80421, 80422, 80423, 80424, and 80429.

Table 1. Descriptive statistics.

	Mean	S.D.	FB Mean	Non-FB Mean	Signif.
Export propensity	0.327	0.034	0.329	0.324	
Export intensity	0.091	0.012	0.094	0.086	
Employment abroad propensity	0.095	0.021	0.100	0.089	
Employment abroad intensity	0.016	0.003	0.009	0.026	**
Off-shoring propensity	0.036	0.014	0.041	0.029	
Off-shoring intensity	0.008	0.005	0.003	0.014	
Planning to incr. the firm's total empl. in Finland	0.490	0.042	0.489	0.491	
Planning to incr. the firm's high-educ. empl. in Finland	0.268	0.035	0.174	0.400	***
Planning to incr. the firm's mid-educ. empl. in Finland	0.400	0.041	0.434	0.352	
Planning to incr. the firm's low-educ. empl. in Finland	0.259	0.038	0.336	0.150	***
Firm: Family business	0.585	0.041	.	.	
Firm: Age (years)	17.137	1.014	18.520	15.192	*
Firm: Age (log of years)	2.495	0.078	2.567	2.393	
Firm: Size (Finnish empl.)	99	7	54	163	***
Firm: Size (log of Finnish empl.)	3.425	0.067	3.281	3.628	**
Firm: Multi-establishment	0.353	0.040	0.319	0.401	
Firm: Profitability (ROI)	0.109	0.027	0.123	0.090	
Firm: R&D propensity	0.409	0.035	0.405	0.414	
Firm: R&D intensity	0.043	0.025	0.013	0.086	
Firm: High educ. empl. sh.	0.143	0.023	0.085	0.223	***
Firm: Med. educ. empl. sh., (Reference)	0.232	0.027	0.251	0.206	
Firm: Low educ. empl. sh.	0.626	0.031	0.665	0.572	'
Firm: Missing educ. sh.	0.070	0.022	0.078	0.059	
Region: Metropolitan area (Reference)	0.183	0.029	0.118	0.274	**
Region: North	0.083	0.025	0.105	0.052	
Region: South	0.190	0.034	0.236	0.126	+
Region: East	0.130	0.031	0.113	0.154	
Region: West	0.414	0.041	0.429	0.394	
Ind.: Foods, textiles, apparel (15-19)	0.072	0.015	0.087	0.051	
Ind.: Wood, pulp, paper (20-21)	0.038	0.012	0.059	0.009	**
Ind.: Chemicals (23-25)	0.027	0.010	0.024	0.032	
Ind.: Metals (27-28)	0.082	0.016	0.106	0.047	*
Ind.: Machinery, equip. (29, 34-35)	0.051	0.012	0.061	0.036	
Ind.: Electronics, electr. eq. (30-33)	0.018	0.007	0.006	0.036	*
Ind. Other manuf.(22, 26, 36-37), Reference	0.043	0.012	0.037	0.053	
Ind.: Trade (50-52)	0.224	0.036	0.261	0.173	
Ind.: Transportation (60-64, ex. 642)	0.110	0.030	0.156	0.044	**
Ind.: Knowledge intensive business services (KIBS)	0.153	0.017	0.068	0.272	***
Ind.: Other services (55, 65-74, ex. KIBS)	0.183	0.035	0.136	0.248	+

Notes: FB = Family business, Non-FB = Non-Family business. Metropolitan area includes Helsinki, Espoo, and Vantaa. See note for the definition of KIBS. Statistical significance: *** p<0.01, ** p<0.05, * p<0.10, + p<0.15, ' p<0.20.

7. UNIVARIATE RESULTS

This section studies the FB—non-FB differences in the light of simple unconditional and conditional means and t-tests (all two-sided t-tests without assuming equal variances across the groups). Table 2 studies the three key globalization variables, that is, exports, employment abroad, and off-shoring, in terms of the engagement propensities, as well as unconditional and conditional means (calculated over those that are at least to some extent engaged in the activity in question). All means are calculated for all/manufacturing/service and all-/large/SMEs (small and medium-sized enterprises). It should be noted that in some cases the conditional means are based on very low numbers of observations (especially in the bottom-right corner), and thus the interpretation should be made with caution. The statistical significances of the FB—non-FB differences are indicated below the summary lines.

Perhaps surprisingly, there is no statistically significant difference in the export propensities. The main difference in export intensities is found in the case of large manufacturing firms and to a slightly lesser extent in the case of large service firms. Coincidentally the former corresponds to the samples employed in much of the previous literature. The latter observation is a reflection of the smaller share of FBs in KIBS. The difference in the service SMEs goes to a surprising direction, but the means are based on only 15 FB and 25 non-FB observations. The share of employment abroad seem to be much lower among the FBs compared to non-FBs. Little can be said about the relative off-shoring intensities, although it seems rather clear that large manufacturing FBs have considerably lower off-shoring propensity than their non-FB counterparts.

Table 2. Internationalization by industry and owner type.

	All industries			Manufacturing			Services		
	All	Large	SMEs	All	Large	SMEs	All	Large	SMEs
Export *propensity (has at least some exports)*									
Family business (FB)	32.87%	58.14%	32.11%	53.08%	84.89%	51.79%	20.55%	31.10%	20.29%
Non-family business (non-FB)	32.40%	41.07%	31.07%	59.80%	86.72%	55.22%	22.63%	22.69%	22.62%
Signif. of the FB—non-FB diff.									
Export *intensity (exports to sales; including those with zero intensity, that is, without any exports)*									
Family business (FB)	9.37%	15.30%	9.19%	15.57%	29.19%	15.02%	5.58%	1.28%	5.68%
Non-family business (non-FB)	8.63%	19.72%	6.92%	22.87%	47.51%	18.68%	3.55%	8.53%	2.81%
Signif. of the FB—non-FB diff.					***			*	
Export *intensity, conditional (calculated over firms having at least some exports)*									
Family business (FB)	28.49%	26.33%	28.61%	29.34%	34.38%	29.00%	27.16%	4.10%	28.01%
Non-family business (non-FB)	26.62%	48.01%	22.28%	38.24%	54.78%	33.82%	15.68%	37.59%	12.44%
Signif. of the FB—non-FB diff.		***			***		+	***	**
Employment abroad *propensity (has at least some employment abroad)*									
Family business (FB)	9.98%	44.28%	8.95%	9.54%	54.67%	7.71%	10.25%	33.78%	9.69%
Non-family business (non-FB)	8.87%	35.61%	4.76%	18.42%	70.39%	9.58%	5.46%	21.61%	3.08%
Signif. of the FB—non-FB diff.				+	+				
Employment abroad *intensity (foreign to total employment; including those with zero intensity, i.e., without foreign empl.)*									
Family business (FB)	0.85%	11.50%	0.53%	1.47%	16.76%	0.85%	0.47%	6.18%	0.33%
Non-family business (non-FB)	2.61%	11.78%	1.21%	7.65%	27.82%	4.22%	0.82%	5.32%	0.15%
Signif. of the FB—non-FB diff.	**			**	**		'		
Employment abroad *intensity, conditional (calculated over firms having at least some employment abroad)*									
Family business (FB)	8.49%	25.97%	5.89%	15.37%	30.66%	10.99%	4.59%	18.30%	3.45%
Non-family business (non-FB)	29.47%	33.07%	25.34%	41.53%	39.53%	44.03%	14.97%	24.60%	5.00%
Signif. of the FB—non-FB diff.	***		'	***		***	**		
Off-shoring *propensity (at least some off-shore out-sourcing and/or moving activities to own foreign unit)*									
Family business (FB)	4.09%	20.24%	3.60%	1.76%	5.64%	1.60%	5.51%	34.99%	4.80%
Non-family business (non-FB)	2.89%	7.12%	2.24%	8.92%	20.40%	6.97%	0.73%	1.78%	0.58%
Signif. of the FB—non-FB diff.		+		+	***		'	**	
Off-shoring *intensity (the ratio of the 2000–5 off-shored man-years to the 2003 employment in Finland)*									
Family business (FB)	0.29%	1.67%	0.25%	0.48%	2.64%	0.39%	0.18%	0.70%	0.16%
Non-family business (non-FB)	1.42%	1.19%	1.46%	5.18%	3.37%	5.49%	0.09%	0.31%	0.05%
Signif. of the FB—non-FB diff.									
Off-shoring *intensity, conditional (calculated over firms with at least some off-shoring)*									
Family business (FB)	6.92%	6.96%	6.91%	23.34%	20.00%	24.45%	3.19%	1.99%	3.40%
Non-family business (non-FB)	32.90%	12.18%	41.82%	34.83%	11.41%	44.34%	15.05%	17.20%	13.56%
Signif. of the FB—non-FB diff.		+			*			'	

Notes: SMEs include firms having less than 250 employees in total. Statistical significance: *** p<0.01, ** p<0.05, * p<0.10, + p<0.15, ' p<0.20.

The figures reported in Table 3 are based on only 41 observations, but as the differences are so striking and the message consistent with the findings in the previous literature, we nevertheless report them.[16] FBs in-house off-shoring seems to be much more destined to the neighboring countries and considerably less to faraway (non-neighboring/-European) destinations.

Table 3. In-house off-shoring destination regions, conditional (calculated for those having production abroad).

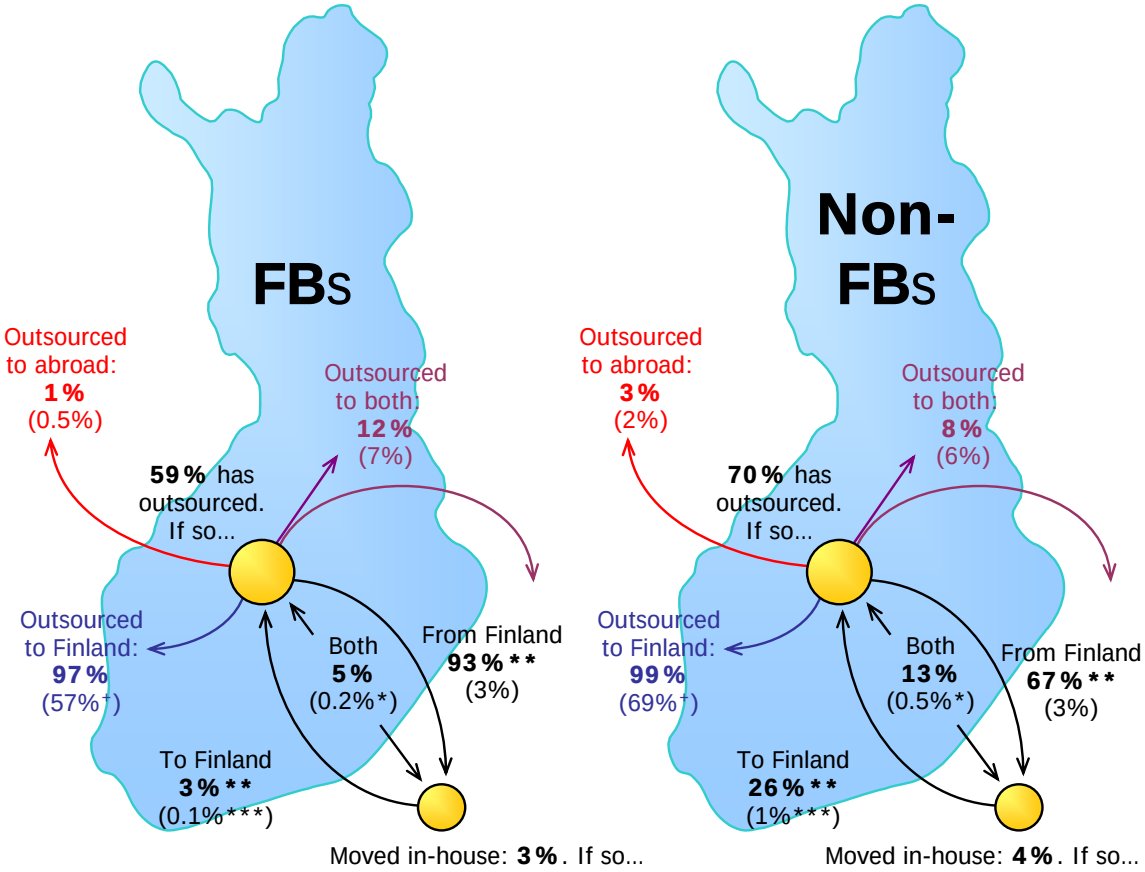
	All firms	FB	Non-FB	Significance
The neighboring countries (The Baltic states, Russia, the rest of Scandinavia)	41%	86%	17%	***
The rest of Europe (excluding Russia, the Baltic and Scandinavian countries)	10%	11%	10%	
The rest of the World (excluding the neighboring countries and other Europe)	49%	3%	73%	***

Notes: FB = Family business, Non-FB = Non-Family business. *** indicates statistical significance at 1 percent level; otherwise the difference in the shares is not significant at 20 percent level.

The map in Figure 3 summarizes the outsourcing and off-shoring dimensions introduced in Figure 2 above. The reported percentages (in bold) are conditional on having outsourced or moved activities in-house across borders; the unconditional means are reported in the parentheses below the conditional ones. The conditional means do not add up to 100%, as the figures refer to production, R&D, and services, in which case the same firm may be doing multiple types of outsourcing and in-house moving. The means suggest that the FBs' propensities of both outsource and move in-house are lower, although only the former difference is (weakly) statistically significant (at the 15% level). The figures referring to in-house moving of activities are based on a low number of observations: somewhat surprisingly they nevertheless suggest that the FBs' conditional propensity to move from Finland to abroad is higher and from abroad to Finland is lower than corresponding figures for non-FBs, which may relate to both industry and size effects. A rather striking FB—non-FB difference (not reported in the map) is that only 19% of the FBs units abroad experienced self-reliant growth, that is, growth that is not related to the moving of activities from Finland, whereas the corresponding figure for non-FBs is 71%. This, the above reported target country differences, as well as the differences in the cross-border flows seem to suggest that FBs foreign units may be also qualitatively different from those of non-FBs, although, due to lack of appropriate measures, the data at hand cannot be used to fully confirm this hypothesis.

[16] The reported t-test results are based on a calculation without the sampling weights, as the weighting is meaningless in cases of empty strata.

Figure 3. Outsourcing and in-house moving of business activities among FBs and non-FBs.



Notes: The reported percentages (in bold) are conditional on having outsourced or moved activities in-house across borders; the unconditional means are reported in the parentheses below the conditional percentages. The conditional means do not add up to 100%, as the figures refer to production, R&D, and services, in which case the same firm may be doing multiple types of outsourcing and in-house moving. Statistical significance: *** p<0.01, ** p<0.05, * p<0.10, + p<0.15.

The last piece of univariate analysis is to consider the future employment growth prospects in Finland. Table 4 considers the total as well as high- and low-education employment growth prospects both unconditionally and conditionally, that is, among the firms that already have some employment abroad and have done at least some off-shoring (via in-house moving and/or outsourcing) in the past. Manufacturing FBs are more likely to increase their employment in Finland, which is largely driven by their much higher likelihood of hiring other than the most highly educated workers. Again comparison of the unconditional means and those conditional on having employment abroad seem to indicate some qualitative differences between the FBs' and non-FBs' foreign employment. Some of the means conditional on off-shoring are rather surprising, but they are driven by individual observations.

Table 4. Growth prospects in Finland by industry and owner type.

	All industries			Manufacturing			Services		
	All	Large	SMEs	All	Large	SMEs	All	Large	SMEs
*Planning to increase the firm's **total** employment in Finland*									
Family business (FB)	48.93%	58.36%	48.64%	53.16%	39.59%	53.70%	46.34%	77.33%	45.60%
Non-family business (non-FB)	49.12%	64.12%	46.82%	31.85%	24.47%	33.10%	55.28%	80.09%	51.62%
Signif. of the FB—non-FB diff.				**	+	*			
*Planning to increase the firm's **high-education** employment in Finland*									
Family business (FB)	17.41%	46.93%	16.52%	20.33%	35.80%	19.71%	15.63%	58.18%	14.61%
Non-family business (non-FB)	40.00%	38.54%	40.22%	35.70%	60.20%	31.53%	41.53%	29.82%	43.26%
Signif. of the FB—non-FB diff.	***		***	+	**		***	+	***
*Planning to increase the firm's **low-education** employment in Finland*									
Family business (FB)	33.59%	31.71%	33.65%	41.49%	22.63%	42.25%	28.78%	40.87%	28.49%
Non-family business (non-FB)	14.99%	14.61%	15.04%	8.47%	12.23%	7.84%	17.31%	15.58%	17.57%
Signif. of the FB—non-FB diff.	***	*	**	***	'	***		+	
*Planning to increase the firm's **total** employment in Finland, **conditional on having employment abroad***									
Family business (FB)	23.82%	61.85%	18.15%	50.76%	48.23%	51.48%	8.54%	84.12%	2.21%
Non-family business (non-FB)	46.74%	35.98%	59.09%	25.79%	24.61%	27.26%	71.93%	50.90%	93.72%
Signif. of the FB—non-FB diff.	**	**	**		*		***	**	***
*Planning to increase the firm's **high-education** employment in Finland, **conditional on having employment abroad***									
Family business (FB)	19.42%	50.46%	14.79%	43.07%	44.79%	42.58%	6.00%	59.74%	1.50%
Non-family business (non-FB)	34.96%	52.76%	14.54%	43.49%	65.21%	16.36%	24.71%	36.42%	12.57%
Signif. of the FB—non-FB diff.	'				+		*		
*Planning to increase the firm's **low-education** employment in Finland, **conditional on having employment abroad***									
Family business (FB)	16.20%	38.91%	12.81%	37.70%	31.02%	39.61%	4.00%	51.80%	0.00%
Non-family business (non-FB)	12.91%	12.90%	12.93%	13.69%	15.92%	10.91%	11.98%	8.93%	15.13%
Signif. of the FB—non-FB diff.		**			'			*	
*Planning to increase the firm's **total** employment in Finland, **conditional on having done off-shoring in the past***									
Family business (FB)	43.46%	95.33%	34.67%	58.33%	66.67%	57.14%	40.56%	100.0%	30.17%
Non-family business (non-FB)	17.83%	16.43%	18.52%	16.65%	19.98%	14.99%	22.95%	0.00%	33.33%
Signif. of the FB—non-FB diff.		***			+				
*Planning to increase the firm's **high-education** employment in Finland, **conditional on having done off-shoring***									
Family business (FB)	16.19%	83.59%	4.77%	29.16%	33.33%	28.57%	13.66%	91.79%	0.00%
Non-family business (non-FB)	31.58%	57.56%	18.88%	28.27%	70.02%	7.50%	45.91%	0.00%	66.67%
Signif. of the FB—non-FB diff.		*						***	
*Planning to increase the firm's **low-education** employment in Finland, **conditional on having done off-shoring***									
Family business (FB)	19.18%	83.59%	8.27%	41.67%	33.33%	42.86%	14.80%	91.79%	1.34%
Non-family business (non-FB)	2.70%	8.21%	0.00%	3.32%	9.99%	0.00%	0.00%	0.00%	0.00%
Signif. of the FB—non-FB diff.		***						***	

Notes: SMEs include firms having less than 250 employees in total. Statistical significance: *** p<0.01, ** p<0.05, * p<0.10, + p<0.15, ' p<0.20.

The above gives us some indication of the FB—non-FB differences but, as the univariate analysis also reflects the large and statistically significant size and industry effects, it is difficult to judge what is real and what is apparent. Thus, in the next section we resort to multivariate analysis in order to uncover the partial correlations of interest the possible other effects have been controlled for.

8. MULTIVARIATE RESULTS

Before proceeding, let us emphasize that we do not wish to give the regressions below a causal interpretation, even if it might at least in some cases be appropriate, but rather simply uncover the appropriate partial correlations. For exports, foreign employment, and off-shoring, we consider the propensity to be engaged by a Logit and the corresponding intensity by (one-sided) Tobit regression. The choice of the latter estimator may seem surprising, but since we do have an excess number of observations with a zero intensity, that nevertheless convey important information, and in practice none of the observations reach the logical maxima of the respective intensities, this estimator was considered more appropriate than other available alternatives, for example, fractional logit.

Table 5 presents the results of our baseline regressions. As the coefficients of the control variables are largely in-line with the previous literature and our own intuition, let us concentrate on the family business dummy. The first observation is that after controlling for the other observable differencesFBs do not seem to be too different from their non-FB counterparts in terms of either propensities or intensities across the three globalization dimensions considered. The second observation is that seemingly contrary to the previous literature the signs of the coefficients are positive and in a few cases somewhat close to (although nevertheless not) statistically significant at conventional levels. This in itself is consistent with the suggestion in the previous literature that the effects of familialiness on globalization is mediated via other FB characteristics, that is, in practice the control variables in our regressions.

The previous literature has paid considerable attention on the generational aspects of FBs, which we have not considered in the above. The descriptive statistics suggest that size is among the things that clearly differentiate between FBs and non-FBs. The baseline regressions in Table 5 implicitly assume that the effects of age and size, as well as those of all other variables, are similar across the two groups. In order to study these issues, we estimate separate FB and non-FB age and size coefficients to study the possible differences (Table 6). There is no sign of asymmetries in terms of the size effects, whereas in the foreign employment specifications (but not in the other globalization dimensions) the age effects are strikingly different. Even if industry effects are controlled for, younger non-FBs seem to have much higher propensity and intensity of foreign employment. Once this difference is accounted for, FBs have a much lower propensity and intensity of foreign employment.

We thus conclude that there does not seem to be considerable FB—non-FB globalization differences in terms of exports or off-shoring once other features of the respective businesses are controlled for. In terms of foreign employment, however, significant differences emerge. The effect of firm age on foreign employment is very different across the two groups: there seems to be a group of (largely or solely) non-FBs that aggressively pursue globalization opportunities via large shares of foreign employment. Once this difference is accounted for, FBs seem to have a lower foreign employment propensity and intensity of foreign employment.

Table 5. Multivariate analysis on internationalization and off-shoring.

	Export propensity	Export intensity	For. empl. prop.	For. empl. int.	Off-shoring prop.	Off-shoring int.
	Has exports	Export to sales	Has for. empl.	For. to total empl.	Has off-shored	Off-sh. yrs./empl.
	Logit	Tobit	Logit	Tobit	Logit	Tobit
	Coef.	Coef.	Coef.	Coef.	Coef.	Coef.
Family business	0.435	0.094	0.625 '	0.014	1.335 +	0.072
Age (log of years)	0.237	0.033	-0.074	-0.020	-0.358 *	-0.057 **
Size (log of Finn. empl.)	0.405 **	0.070 ***	0.854 ***	0.116 ***	0.523 **	0.073 **
Multi-establishment	-0.507	-0.072	0.199	0.018	1.775 ***	0.260 ***
Profitability (ROI)	0.084	-0.043	0.460	0.030	-6.164 **	-0.836 **
R&D propensity	1.288 **	0.205 ***	1.915 ***	0.231 ***	2.172 ***	0.365 ***
R&D intensity	6.919 '	0.203 ***	-1.240	-0.119 **	-0.476	0.143 ***
High educ. empl. sh.	2.189 *	0.407 **	0.551	0.017	-1.544	-0.109
Low educ. empl. sh.	1.135 '	0.135	-3.193 ***	-0.330 ***	-0.505	0.252
Missing educ. sh.	2.236 *	0.394 **	-0.853	-0.086	1.195	0.324 *
North	-1.329 +	-0.277 **	-1.325	-0.134	-0.442	-0.123
South	0.171	0.006	1.129 '	0.068	-0.670	0.028
East	-0.075	-0.137	-1.616 '	-0.309 *	-1.938 *	-1.638 ***
West	-0.511	-0.087	1.060	0.072	1.893 ***	0.323 ***
Foods, textiles, app.	-1.421	-0.117	-0.599	-0.053	-2.380 *	-0.436 **
Wood, pulp, paper	0.503	0.227 '	2.020 **	0.187 *	-1.099	-0.260 *
Chemicals	-0.416	-0.050	0.275	0.039	0.499	-0.001
Metals	0.804	0.167 '	0.841	0.080	-2.158 '	-0.299 *
Machinery, equip.	0.679	0.227 *	0.497	0.074	-0.750	-0.077
Electronics, electr. eq.	2.854 **	0.272 **	3.265 **	0.510 **	2.842 **	0.728 ***
Trade	-0.570	-0.157	-0.997	-0.166 *	-2.089 +	-0.295 +
Transp. etc.	-1.831 +	-0.254 +	2.149 **	0.173 *	0.964	0.090
KIBS	-0.264	-0.035	-1.310	-0.203 *	0.334	0.038
Other services	-2.769 **	-0.374 **	-0.762	-0.142	-2.594 **	-0.331 **
Constant	-3.832 **	-0.645 **	-6.396 ***	-0.781 ***	-7.823 ***	-1.412 ***
Observations	515	515	515	515	515	515
Wald(Model)	3.679 ***	27.259 ***	6.207 ***	5.956 ***	4.742 ***	2.600 ***

Notes: Metropolitan area is the reference area, mid-education level is the reference education level, and other manufacturing is the reference industry. Analyses have been conducted by the Stata SE 9.2 statistical software's survey module using sample weights and robust standard errors. Statistical significance: *** p<0.01, ** p<0.05, * p<0.10, + p<0.15, ' p<0.20.

Table 6. Multivariate analysis on internationalization and off-shoring, the age and size coefficients separately estimated for FBs and non-FBs.

	Export propensity	Export intensity	For. empl. prop.	For. empl. int.	Off-shoring prop.	Off-shoring int.
	Has exports	Export to sales	Has for. empl.	For. to total empl.	Has off-shored	Off-sh. yrs./empl.
	Logit	Tobit	Logit	Tobit	Logit	Tobit
	Coef.	Coef.	Coef.	Coef.	Coef.	Coef.
Family business	0.654	0.241	-2.262 +	-0.289 *	-1.765	-0.324
Age, Family b.	0.090	0.020	0.406	0.023	-0.092	-0.047
Age, Non-Family b.	0.513 +	0.055	-0.528 *	-0.059 *	-0.646 **	-0.065 *
Size, Family b.	0.529 **	0.059 +	0.956 ***	0.132 ***	0.748 **	0.110 **
Size, Non-Family b.	0.297 *	0.076 ***	0.839 ***	0.111 ***	0.347 '	0.032
Multi-establishment	-0.522	-0.071	0.136	0.014	1.870 ***	0.275 ***
Profitability (ROI)	0.060	-0.050	0.591	0.045	-6.125 *	-0.817 **
R&D propensity	1.333 ***	0.204 ***	2.024 ***	0.239 ***	1.984 **	0.356 ***
R&D intensity	6.464	0.202 ***	-1.216	-0.120 **	-0.558	0.122 ***
High educ. empl. sh.	2.266 *	0.419 **	0.699	0.031	-1.487	-0.103
Low educ. empl. sh.	1.204 +	0.141	-3.024 ***	-0.317 ***	-0.748	0.216
Missing educ. sh.	2.341 **	0.404 **	-0.564	-0.067	0.808	0.273 +
North	-1.351 +	-0.280 **	-1.139	-0.116	-0.089	-0.090
South	0.065	0.006	1.178 +	0.072	-0.709	0.010
East	-0.103	-0.139	-1.410 '	-0.291 *	-1.732 +	-1.587 ***
West	-0.596	-0.086	1.039 '	0.073	1.899 ***	0.309 ***
Foods, textiles, app.	-1.275	-0.106	-0.718	-0.051	-2.310 *	-0.427 **
Wood, pulp, paper	0.690	0.236 '	1.738 *	0.175 +	-1.075	-0.238 *
Chemicals	-0.284	-0.044	0.262	0.053	0.951	0.024
Metals	0.978	0.171 '	0.817	0.085	-2.197	-0.292 *
Machinery, equip.	0.861	0.232 *	0.377	0.078	-0.617	-0.057
Electronics, electr. eq.	3.023 **	0.283 **	3.053 **	0.492 **	2.726 **	0.689 ***
Trade	-0.527	-0.156	-0.968	-0.148 +	-2.173 +	-0.318 *
Transp. etc.	-1.761 +	-0.247 +	2.017 **	0.170 *	0.857	0.068
KIBS	-0.126	-0.027	-1.260	-0.205 *	0.289	0.013
Other services	-2.718 **	-0.382 **	-0.457	-0.110	-2.312 *	-0.330 **
Constant	-4.190 **	-0.730 ***	-5.467 ***	-0.687 ***	-6.160 ***	-1.151 ***
Observations	515	515	515	515	515	515
Wald(Model)	3.604 ***	25.818 ***	6.090 ***	5.260 ***	4.542 ***	2.357 ***
Wald (Age: FB = Non-FB)	1.160	0.330	5.160 **	3.420 *	1.810 '	0.110
Wald (Size: FB = Non-FB)	0.630	0.150	0.240	0.620	0.740	1.920 '

Notes: Metropolitan area is the reference area, mid-education level is the reference education level, and other manufacturing is the reference industry. Analyses have been conducted by the Stata SE 9.2 statistical software's survey module using sample weights and robust standard errors. Statistical significance: *** p<0.01, ** p<0.05, * p<0.10, + p<0.15, ' p<0.20.

The first numerical column of Table 7 seems to suggest that there is no significant FB—non-FB difference in terms of their future propensities to increase employment in Finland after other effects are controlled for. The aggregate regression does, however, mask the fact that the future employment plans of FBs and non-FBs differ. While FBs are less likely to increase employment of the high-education group (column 2), they are much more likely to increase the employment of the low-education group (column 4). Employment abroad intensity seems to reduce plans to increase employment in Finland; there are signs of a similar but weaker effect in the case of export intensity.

Table 7. Multivariate analysis on growth prospects in Finland.

	Planning to incr. **total empl.** in Finland Logit Coef.	Planning to incr. **high educ. empl.** in Finland Logit Coef.	Planning to incr. **med. educ. empl.** in Finland Logit Coef.	Planning to incr. **low educ. empl.** in Finland Logit Coef.	Planning to incr. **R&D empl.** in Finland Logit Coef.
Family business	0.527 '	-0.952 **	0.537 '	1.543 ***	1.302 ***
Export intensity	-0.992	0.193	-1.484 +	-1.242	0.915 '
Employment abroad intensity	-2.227 **	-1.422 +	-1.569 '	-1.729 +	0.217
Age (log of years)	0.098	-0.048	-0.223	-0.223	-0.306 '
Size (log of Finn. empl.)	0.274 +	0.069	0.661 ***	0.351 *	0.231
Multi-establishment	-0.325	0.570	-1.016 ***	0.013	0.367
Profitability (ROI)	-0.317	-0.369	-1.666 '	-0.518	-0.168
R&D propensity	0.780 *	0.737 '	1.192 **	0.759 '	8.770 ***
R&D intensity	-1.045 **	-1.456 ***	-7.023 +	-1.469	-0.677 **
High educ. empl. sh.	4.048 ***	3.836 ***	0.317	5.501 ***	1.065
Low educ. empl. sh.	1.395 *	0.254	-0.360	5.255 ***	-0.775
Missing educ. sh.	0.847	0.021	-1.024	3.179 +	1.204
North	-0.541	0.149	0.503	1.447 *	-1.196
South	-1.378 **	-0.605	-0.048	-0.865 '	-1.094
East	-0.482	-0.390	0.775	0.156	0.584
West	-0.292	-0.132	0.613	0.032	1.106 *
Foods, textiles, app.	0.705	1.857 *	0.525	0.549	0.177
Wood, pulp, paper	1.209	1.618	0.811	1.729 *	1.531 '
Chemicals	2.188 *	3.575 ***	1.148	3.322 ***	1.165 '
Metals	2.485 **	1.688 +	-0.038	2.825 ***	0.463
Machinery, equip.	1.482	2.659 **	1.196	2.217 ***	-0.125
Electronics, electr. eq.	0.756	1.328	-1.254	1.507 *	1.820 +
Trade	2.253 **	1.753 *	1.551 *	3.217 ***	1.861 **
Transp. etc.	0.701	0.533	-0.643	0.927	0.050
KIBS	2.177 *	1.605 *	1.095	1.681 *	2.082 ***
Other services	0.875	0.873	-0.665	1.611 +	0.370
Constant	-3.983 **	-3.189 **	-2.897 **	-9.270 ***	-11.462 ***
Observations	515	515	515	515	515
Wald (Model)	2.264 ***	4.488 ***	3.464 ***	3.145 ***	5.607 ***

Notes: Metropolitan area is the reference area, mid-education level is the reference education level, and other manufacturing is the reference industry. Analyses have been conducted by the Stata SE 9.2 statistical software's survey module using sample weights and robust standard errors. Statistical significance: *** p<0.01, ** p<0.05, * p<0.10, + p<0.15, ' p<0.20.

Above there are some signs of qualitatively different globalization aspects between FBs and non-FBs. Thus, it is worthwhile to study the interactions of these variables with respect to the familialiness of the firm. In Table 8 the two globalization variables are estimated separately for FBs and non-FBs. In several cases statistically significant differences between the two groups emerge (the test results appear at the last two lines of the table). A comparison of the second to fifth coefficient lines seem to suggest that there indeed is some qualitative differences. Export intensity is negatively associated with employment plans only in the case of FBs; foreign employment intensity is negatively associated with employment plans only in the case of non-FBs.

Table 8. Multivariate analysis on growth prospects in Finland, the age and size coefficients separately estimated for FBs and non-FBs.

	Planning to incr. **total empl.** in Finland Logit Coef.	Planning to incr. **high educ. empl.** in Finland Logit Coef.	Planning to incr. **med. educ. empl.** in Finland Logit Coef.	Planning to incr. **low educ. empl.** in Finland Logit Coef.	Planning to incr. **R&D empl.** in Finland Logit Coef.
Family business	0.717 *	-0.725 +	0.770 *	1.748 ***	1.475 ***
Export int., Family b.	-1.916 +	-0.938	-2.587 *	-2.241 +	-0.343
Export int., Non-Family b.	0.577	1.561 +	-0.051	0.399	1.851 **
Empl. abroad int., Family b.	-0.020	0.219	-2.355	-1.687	5.583 '
Empl. abroad int., Non-Family b.	-3.827 ***	-2.580 **	-1.988 +	-2.396 **	-1.031
Age (log of years)	0.126	-0.022	-0.200	-0.200	-0.251
Size (log of Finn. empl.)	0.246 '	0.037	0.636 ***	0.321 *	0.202
Multi-establishment	-0.307	0.606 '	-1.006 ***	0.019	0.312
Profitability (ROI)	-0.369	-0.471	-1.765 +	-0.553	-0.310
R&D propensity	0.782 *	0.757 '	1.229 **	0.807 '	8.742 ***
R&D intensity	-1.349 ***	-1.731 ***	-7.440 +	-1.780	-0.830 **
High educ. empl. sh.	4.211 ***	3.972 ***	0.464	5.673 ***	1.279
Low educ. empl. sh.	1.477 *	0.342	-0.306	5.336 ***	-0.299
Missing educ. sh.	0.999	0.127	-0.842	3.308 *	1.513 +
North	-0.617	0.087	0.476	1.447 *	-1.274
South	-1.404 **	-0.624	-0.025	-0.830	-1.294 '
East	-0.550	-0.451	0.760	0.139	0.484
West	-0.358	-0.201	0.597	0.014	1.038 +
Foods, textiles, app.	0.659	1.811 *	0.467	0.511	-0.131
Wood, pulp, paper	1.248	1.636	0.830	1.732 *	1.391
Chemicals	2.165 *	3.589 ***	1.098	3.258 ***	1.013
Metals	2.580 **	1.804 *	0.022	2.939 ***	0.404
Machinery, equip.	1.443	2.703 **	1.207	2.225 ***	-0.357
Electronics, electr. eq.	0.818	1.381	-1.236	1.559 *	1.921 *
Trade	2.238 **	1.737 *	1.510 *	3.235 ***	1.841 **
Transp. etc.	0.633	0.487	-0.740	0.880	-0.175
KIBS	2.261 **	1.726 *	1.157 '	1.764 *	2.180 ***
Other services	0.915	0.967	-0.632	1.664 +	0.383
Constant	-4.099 **	-3.322 **	-3.043 **	-9.461 ***	-11.674 ***
Observations	515	515	515	515	515
Wald (Model)	2.339 ***	4.136 ***	3.196 ***	3.057 ***	5.080 ***
Wald (Export int.: FB = Non-FB)	3.200 *	1.850 '	2.660 +	2.860 *	3.220 *
Wald (Empl. abroad int.: FB = Non-FB)	3.140 *	2.460 +	0.030	0.090	2.140 +

Notes: Metropolitan area is the reference area, mid-education level is the reference education level, and other manufacturing is the reference industry. Analyses have been conducted by the Stata SE 9.2 statistical software's survey module using sample weights and robust standard errors. Statistical significance: *** p<0.01, ** p<0.05, * p<0.10, + p<0.15, ' p<0.20.

9. CONCLUSIONS

In our sample FBs and non-FBs differ in several respects. FBs are smaller (in terms of employment in Finland), older (in terms of years elapsed since the initial formation), and less likely to employ workers with a high level of formal education (the survey employed only considers formal education, not skills and competences acquired by other means, e.g., learning-by-doing, on-the-job training, or non-degree education or study). They are less likely to locate in the Helsinki region but more likely to locate in the other parts of Southern Finland. In manufacturing, FBs are more common in wood, pulp, and paper industries and less common in electronics and electrical engineering industries. In services, FBs are more common in transportation and less common in knowledge intensive business services. In light of these differences, it is most important to study the possible FB—non-FB behavioral differences in a multivariate context. Thus, the core findings of this report can be found in the previous section that resorts to regression analysis.

Both uni- and multivariate analysis seem to suggest that FBs and non-FBs are not too different when it comes to export and off-shore probabilities and intensities. Several differences do, however, emerge when the focus in on employment abroad. After controlling for other relevant factors and allowing for asymmetric effects of age (and size) across the two groups (cf. Table 6 and related discussion),[17] *family businesses are less likely to have employment abroad and their shares of foreign employment are likely to be lower than their non-family counterparts*.

There are also several indications that the foreign employment of FBs may also be qualitatively different from that of non-FBs. First, compared to non-FBs, *family businesses seem to be more prone to focus on neighboring rather than on geographically more distant countries*. Second, the relation of FBs' domestic and foreign employment seem to differ from that of non-FBs, although due to data limitations we are unable to pin down exactly how. [18]

While the FB—non-FB differences are rather modest in terms of globalization, the differences are rather striking when it comes to future plans to increase employment in Finland. Once other factors have been controlled for (cf. Table 8), *family businesses are somewhat more likely to increase their overall Finnish employment in the course of the next few years than non-family businesses*. This general observation does, however, hide the fact that there is significant FB—non-FB variation in this respect by the level of formal education of the future hires. The aforementioned overall observation is largely driven by the fact that *family businesses are especially more likely to hire those with somewhat lower levels of formal education*.

Are family businesses a balancing force in globalization? The answer is "yes", at least in a certain sense. FBs proceed more cautiously when it comes to having and increasing foreign employment. And equally importantly, at least on average they are not doing so by risking

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[17] Younger non-family businesses, in particular, seem to have higher foreign employment intensities and propensities after other factors have been controlled for.

[18] Some, although not all, observations point to the direction that, compared to non-FBs, FBs foreign employment may be more complementary to employment in Finland. Sales offices or assembly facilities that enable market-specific customization would be examples of such foreign employment.

their futures: if anything, FBs seem to be at least as profitable as non-FBs. On top of this general observation, however, there is a potentially more important aspect to the issue.

By and large the effects of globalization in Finland has been skill-biased: its benefits have been disproportionably enjoyed by the relatively more educated, and the adverse effects have touched more upon the relatively less educated. Family businesses are already more likely to employ those with less formal education and are also more likely to increase their employment in the future. Thus, they are likely to play an important role in the economic restructuring associated with advancing globalization.

APPENDIX: DESCRIPTION OF THE SURVEY

The field evidence for the study comes from a Finnish cross-sectional survey carried out by ETLA, the Research Institute of the Finnish Economy. The survey was nation-wide and the target population consisted of firms with at least 10 employees in manufacturing and private services.[19] The stratified random sampling without replacement or clustering was used as a sampling technique (see Cochran, 1977, Chapter 5). There were nine strata in the sample, determined by the industry and size of firms. It was decided to include all large firms (with at least 250 employees) in all focused sectors in the sample, and in other strata comprehensive random samples were drawn. The stratified random sample and associated weights were determined in association with Statistic Finland's Register of Enterprises and Establishments, which has the statutory duty to maintain a complete and continuous record of all businesses in the country. Table 9 describes the strata and the execution of the survey in more detail.

The questionnaire was initially designed and data collected as part of the project conducted for the Prime Minister's Office in Finland to study the challenges of globalization (some properties of the data, as well as some basic results are also reported in Secretariat of the Economic Council, 2006). The respondents of the survey represented the companies' top management. The core questions in the survey asked respondents about their firms' international activities and views on Finland as their host country. The survey especially focused on domestic and off-shore outsourcing and in-house off-shoring conducted by companies in the new millenium, and on their motivating factors.

The survey was conducted by computer assisted telephone interviews. The interviews were completed between 9 June and 24 August 2006, and they were carried out by Tietoykkönen Oy, which specializes in research and marketing information services, fieldwork, and statistical data analysis and has over 15 years experience in the field. Its specifically trained staff regularly carries out similar surveys for the Bank of Finland, various ministries, and other clients. The number of fully completed interviews was 653, yielding the response rate of 40%.

The (unweighted) number of global staff in the respondent companies at the end of 2005 was 625,000. In Finland, these companies had 375,000 employees (unweighted), which accounted for a quarter of the staff in the Finnish business sector, and 44% of the domestic employment in the target population firms in 2005.

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[19] NACE Rev. 1.1 codes 15–37, 50–74. "Private services" is a short name for industries not dominated by public provision.

Table 9. How the survey was carried out.

A. Number of firms in the target population in June 2006

	Firm size category (# of employees)			
	Small 10-49 empl.	Medium 50-249 empl.	Large at least 250 empl.	*Total*
Manufacturing (15-37)	2,832	870	244	*3,946*
Services 1 (50-71)	5,369	726	213	*6,308*
Services 2 (72-74)	1,784	364	70	*2,218*
Total	*9,985*	*1,960*	*527*	*12,472*

B. Number of firms in the random sample to be interviewed

	Firm size category (# of employees)			
	Small 10-49 empl.	Medium 50-249 empl.	Large at least 250 empl.	*Total*
Manufacturing (15-37)	200	400	244	*844*
Services 1 (50-71)	150	200	213	*563*
Services 2 (72-74)	150	200	70	*420*
Total	*500*	*800*	*527*	*1,827*

C. Number of reached contacts during the interviewing period

	Firm size category (# of employees)			
	Small 10-49 empl.	Medium 50-249 empl.	Large at least 250 empl.	*Total*
Manufacturing (15-37)	192	364	213	*769*
Services 1 (50-71)	139	185	184	*508*
Services 2 (72-74)	134	180	59	*373*
Total	*465*	*729*	*456*	*1,650*

D. Number of fully completed interviews

	Firm size category (# of employees)			
	Small 10-49 empl.	Medium 50-249 empl.	Large at least 250 empl.	*Total*
Manufacturing (15-37)	51	162	137	*350*
Services 1 (50-71)	41	53	86	*180*
Services 2 (72-74)	33	64	26	*123*
Total	*125*	*279*	*249*	*653*

Notes: NACE Rev. 1.1 industry codes are in the parentheses. Data for determining the strata were acquired from the Statistic Finland's Register of Enterprises and Establishments.

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