

EFFECTUATION LOGIC WITHIN FAMILY ENTREPRENEURSHIP: INVESTIGATING INTERNATIONALIZATION ROUTE OF FAMILY-BASED START-UP

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Abstract: This article aims to contribute to the literature on effectuation theory, particularly from the perspective of the internationalization process of a family-based start-up. Qualitative in nature, the study involved the use of a single case study, based on an interview with a co-founder. An explorative case study was prepared to demonstrate the use of effectuation logic in the internationalization route of family entrepreneurship. The study shows the decision-making of a family-based start-up on entering foreign markets, while the effect of being a family on internationalization was investigated. During the interview, it was revealed that the founders of the start-up in the early stages of internationalization continued making decisions based on effectual logic. However, as the firm's experiences increased in the internationalization process, the founders adopted causal logic. There are few studies that have explored effectuation theory from the perspective of family businesses. Moreover, considering internationalization, the originality of the research contributes to the development of effectuation theory.

Keywords: decision-making, effectual logic, family business, family entrepreneurship, internationalization

JEL Classification: L26, M16

Introduction

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When businesses aim to expand internationally, they face the challenge of deciding how much planning to undertake. Different authors have investigated the internationalization process for various groups of firms. Nevertheless, family start-ups have been overlooked in these studies. The internationalization process of this business group has not received sufficient attention (Arregle et al., 2021). This article aims to discuss the internationalization journey of a family-owned start-up and analyze the decisions made by the family.

The emerging area of study in international entrepreneurship combines the concepts of entrepreneurship and global business to elucidate the process of “discovery, enactment, evaluation, and exploitation of opportunities – across national borders – to create future goods and services” (Oviatt & McDougall, 2005). Keupp and Gassman identified problems in the field of international entrepreneurship, including gaps in knowledge and inconsistencies in theory. Despite previous research, there is still a need for better theoretical concepts to explain how start-ups can internationalize (Keupp & Gassmann, 2009). Fletcher et al. emphasize that limited knowledge regarding decision-making processes and behavioral patterns within family-owned businesses is still the case (Fletcher et al., 2016).

Although the role of families in the growth of businesses has been recognized, further research is required to explore in greater detail exactly how the family influences the internationalization of the start-up. The role of the family in preparing for internationalization and the decision-making process especially need to be investigated. Family-based start-ups are often characterized by a unique set of characteristics, including the integration of family values, traditions, and relationships into the business (De Massis et al., 2017). The involvement of family members in the business can have both positive and negative impacts on the firm's performance and its internationalization process. On the one hand, family members can provide valuable resources, such as social capital, human capital, and financial capital, which can facilitate the internationalization process (Birley & Westhead, 1990). On the other hand, the emotional attachments and conflicts of family members, as well as nepotism can hinder the firm's internationalization process and reduce its performance (Zellweger et al., 2019). Entrepreneurs are required to acquire fresh skills, create new roles and routines, establish social connections with unfamiliar individuals, and cultivate stable relationships with their service users (Stinchcombe, 1965). Various resources unique to family firms, such as family knowledge and capital, an inexpensive and motivated workforce, strong commitment levels, and cautious investment strategies, contribute to safeguarding against failure. In cases where families initiate or establish a new venture, they often possess the ability to transfer skills and relationships to the new endeavor. Furthermore, when businesses are launched by multiple family members who collaborate, they tend to exhibit greater trust, esprit de corps, and motivation, as well as emotional resilience to support one another and the venture they rely upon in comparison to a solitary entrepreneur or a team of unrelated founders (Bee & Neubaum, 2014).

To overcome these challenges and maximize the benefits of family involvement in the business, family-based start-ups also adopt a unique approach to entrepreneurship known as effectuation. Effectuation logic emphasizes the use of existing

resources, such as personal skills, networks, and knowledge to create new opportunities and achieve goals (Sarasvathy, 2001). This approach is particularly relevant to family-based start-ups, as they often have limited resources and face unique challenges such as maintaining family cohesion, balancing family and business roles, in addition to navigating the complexities of international markets. Unlike traditional business models that often rely on predictive and causal approaches, effectuation embraces uncertainty and leverages the inherent strengths of family entrepreneurship. By emphasizing the role of familial relationships, shared values, and the leveraging of available resources, effectuation logic proves to be an invaluable tool in deciphering the distinctive pathways these enterprises undertake in the global business landscape.

The application of effectuation logic within the context of family entrepreneurship has gained considerable attention in recent years (Bauweraerts et al., 2022). However, there is still limited empirical research exploring the internationalization route of family-based start-ups using the effectuation approach. This paper aims to address this gap by investigating the internationalization strategies of family-based start-ups using effectuation logic. Specifically, the study aims to answer the following research question: Does the use of effectuation logic make the internationalization process smoother for family start-ups?

The remainder of the paper is organized as follows. Section 2 provides a review of the literature on effectuation logic, family entrepreneurship, and internationalization. Section 3 describes the research methodology, including the data collection and analysis methods. Section 4 presents the findings of the study and discusses the implications of the findings for theory and practice.

Literature review

International family entrepreneurship

Entrepreneurship internationalization is a crucial concept in contemporary global business. Over the past few decades, international entrepreneurship has gained traction due to the growing importance of globalization, technological advancements, and the ever-increasing pace of business. A significant amount of research has been conducted on international entrepreneurship, with many scholars proposing various theoretical frameworks to explain how firms internationalize (Andersson, 2011).

Family entrepreneurs commonly establish their businesses centered on technologically advanced products, necessitating significant investments in innovation. They actively engage in research partnerships, demonstrating their ambition and agility when it comes to developing new products (Baranyai & Kozma, 2019). Start-ups initiated by family-owned enterprises have a greater likelihood of enduring, and over time, surpassing those initiated by solo entrepreneurs or unrelated partners. Furthermore, family firms exhibit a higher capacity for maintaining innovation and fostering corporate entrepreneurship (Miller et al., 2016). Global trends also gradually affect the activities of family businesses, which are facing the challenge of choosing a strategy for their further development. The management

of the firms actively explore alternative avenues for organic growth. The objective of strategic management is to identify a suitable corporate strategy that leads to accomplishment (Mura, 2019). Although the fundamental process of strategic management is similar for both family and non-family firms, there is increasing recognition that strategic planning and the resulting strategies of family firms differ significantly from those of non-family firms (Sharma et al., 1997). This is because family businesses are believed to operate based on philosophies closely linked to the interests of the family, and family members exert a strong influence on the formulation of strategies (Le Breton-Miller & Miller, 2021). Internationalization is considered one of the main strategies for the development and expansion of companies. Although many studies have been conducted on the process of internationalization, little is known about the behavior of family businesses in the internationalization process. Furthermore, internationalization has unique features within family businesses (Graves & Thomas, 2008).

When considering the expansion of family businesses internationally, a common inquiry is whether the process differs from that of non-family businesses. The journey towards internationalization for family businesses is an ongoing and developing process that involves gaining knowledge, and the involvement of family members is a significant factor in determining the extent of such expansion (Hamilton et al., 2017). According to Pukall and Calabrò, the participation of the family is what sets apart the decision-making process regarding internationalization (Pukall & Calabrò, 2013). As reported by Kontinen and Ojala, several favorable elements impact the process of internationalization, such as the family's long-term vision and conscientious decision-making (Kontinen & Ojala, 2010). Zahra further asserts that the engagement of family members has a positive correlation with family businesses targeting international alliances and foreign markets (Zahra, 2005). Some researchers also argue that family ownership and involvement provide support for internationalization since family members act as effective managers of both their material and emotional resources within the organization (Goede et al., 2017). The research on international business and entrepreneurship should focus more on the importance of family (Kraus et al., 2011). While internationalization is generally viewed positively, it can have negative effects on family businesses. This is often due to excessive emphasis on entering international markets, which results in insufficient attention being given to domestic markets. Internationalization is a complex process that incurs higher transaction costs and takes time to develop (Mathews, 2006). Family businesses can leverage their overseas networks to facilitate the internationalization process and reduce costs. The papers in this special issue highlight how the country context can influence the international performance of family businesses. This implies that while there are inherent advantages to expanding into new countries, family members must have trust and patience as the process requires time to unfold (Ratten et al., 2017).

International family entrepreneurship is a unique and dynamic field within international business, marked by distinct characteristics, challenges, and opportunities. Family involvement, shared values, and long-term perspectives shape the strategies and outcomes of these businesses as they expand across borders. While challenges

and family conflict exist, the strengths of trust, flexibility, and strong networks can position family businesses for success in international markets. Understanding the interplay of family dynamics and entrepreneurship is essential for scholars and practitioners in this field as they navigate the complex world of international family entrepreneurship.

Family-related factors in internationalization

Family businesses have unique characteristics in terms of their organization, ownership, and management structures. The views and opinions of family members also play a significant role in the internationalization activities of such businesses. There are certain family-related issues that can affect the internationalization of family businesses. The primary motivation behind a family's decision to expand their business internationally is to increase profitability and achieve business growth. This move can also create new job opportunities for younger family members, while allowing the family to gain international exposure and cultural experience (Gallo & Pont, 1996).

In addition to these factors, the fact that family businesses want to announce their characteristics such as reputation and brand internationally, despite the human, financial and technological resource constraints, turning to a more corporate structure to solve family conflicts and seeing internationalization as a tool for professional management are among the factors affecting their internationalization. Similarly, in order to make the participation of new generations in activities more attractive, internationalization can be used as a tool for a strategic merger or done by turning to external resources as a shareholder of a foreign enterprise (Menendez-Requejo, 2005). Moreover, the family's level of knowledge about international markets and the interest of family members in international markets also affect the international activities of the family business (Johanson & Vahlne, 1990).

Expressing the international investment decision of businesses as a very complex social process, Ahoroni emphasizes that in this process, the business is faced with many different ideas, attitudes, and social relations from inside and outside, and that these ideas, attitudes, and social relations are in constant change (Ahoroni, 2015). The international investment decision includes various individual and organizational behavioral factors (management structure, special organizational arrangements, imports, etc.) that are affected by past, future as well as current activities. Internal motivation factors are related to the objectives of the enterprise and the expectations of achieving these objectives. The ability of the enterprise to achieve its objectives under uncertain conditions can be realized at different times through decisions taken by leading individuals who harmonize the goals of the business with their experiences. Thus, leadership is seen as an internal motivation that draws out emerging problems or opportunities (Li et al., 2004). External motivation factors are; incidental orders from external customers that can be classified as market opportunities, competition, economic cooperation, and government restrictions. Internationalization decisions consist of decision chains that come one after another and affect each

other, sometimes supporting and sometimes opposing (Granatabadi, 2005). The internal and external motivation factors mentioned above also include decisions that support internationalization. Likewise, decision-makers in family businesses also consider motivation factors.

Entrepreneurs make many personal decisions in various processes, from establishing a new business to starting a new activity. At this point, the most important characteristics of entrepreneurs are that they are creative and innovative. What is meant by the creative-innovative feature is the ability of entrepreneurs to devise solutions to the events they encounter (Littunen, 2000). They can develop the necessary skills for internationalization through education and experience. It is important to note that international experience, as well as experience in entrepreneurship, management, and founding are crucial factors in the success of international business activities (Granatabadi, 2005). Export and overseas operating experience determines the perceived risk and opportunity capacity in international markets. Furthermore, the entrepreneurial skills of entrepreneurs, as well as their technical and managerial abilities, should also be taken into account. In businesses that will operate internationally, entrepreneurs have to fulfill both management functions such as planning, organizing and executing, as well as functions such as using information and communication technologies in addition to communicating in writing or verbally, which are required for their activities (Toni & Nassimbeni, 2001). The fact that family members are generally included in the top management of family businesses makes this situation even more critical and complex.

Internal power struggles, which are among the main problems of family businesses, affect these managers' perspectives on internationalization with new investment opportunities and opportunities to compete in different fields. In this case, while some family members have a positive attitude towards internationalization, some members may have a negative attitude. For example, Fernandez and Nieto concluded in their study that, considering the fact that the younger generation of family members are more knowledgeable and talented than the founding generation, they prefer international markets to show their talents and export more than the founders. The founding generation has a more negative attitude towards international activities, being more conservative and cautious than the younger generation.

Another unique characteristic of family business that affects the internationalization process is the chain of command. Family businesses are ones with a short chain of command, little bureaucracy, and their most important advantage is that they can make quick decisions. Businesses that can make quick decisions have the asset of taking advantage of the opportunities they may encounter, and therefore being able to make quick decisions can create great benefits in international activities.

Graves and Thomas express internationalization as an important strategy for the growth and development of businesses. The research results revealed that the determinants of the internationalization methods of small and medium-sized family businesses are the international connections of the business, appropriate financial resources, and development of the necessary capabilities with these connections and financial resources. They also found that the majority of the businesses participating in the study preferred classical internationalization methods (Graves & Thomas, 2008).

Perspective of effectuation theory on the internationalization of family business

Entrepreneurship is already characterized by great risk and uncertainty; the addition of an international dimension adds further complexity to opportunity discovery and formation. These additional complexities include unique dimensions of risks (e.g. political risks) as well as differences attributable to cultural and geographic distance (Zucchella et al., 2018). Several authors have verified that launching a prosperous start-up necessitates entrepreneurs to participate in experiential learning (Wang & Chugh, 2013; Wolff et al., 2015). Effectual entrepreneurship involves making decisions when information is scarce, potentially unreliable, or at the very least, uncertain in its source, as highlighted by Sarasvathy (Sarasvathy, 2001). The capacity to navigate a volatile business landscape must be complemented by the aptitude to glean insights from both favorable and unfavorable experiences when commencing new ventures (Selden & Fletcher, 2015). Effectuation offers a different approach to opportunity discovery and opportunity creation that helps eliminate additional risks and complexities in international entrepreneurship. According to Sarasvathy et al., “effectuation provides a theoretical framework that explains how expert entrepreneurs use the resources under their control, with the commitments and constraints of their chosen stakeholders, to produce new artifacts such as ventures, products, opportunities, and markets” (Sarasvathy et al., 2014).

As per the effectuation theory, all aspiring entrepreneurs begin with three core resources: their personal traits, preferences, and abilities; their specific knowledge and expertise; and their social connections. Effectuation is a problem-solving approach that is useful when the future is uncertain, goals are unclear or unknown, and the environment is influenced by our decisions. It draws from Simon's decision theory, which suggests that it is more effective to gather information through hands-on experience and learning, instead of trying to predict trends in an unpredictable environment (Jones & Li, 2017; Sarasvathy, 2001). Various studies (Fuerst & Zetting, 2015; Perry et al., 2011; Sarasvathy et al., 2014) support the concept of effectuation and its practical application.

To understand the effectuation theory, it is necessary to look at its practical principles. The first principle, the Bird-in-hand principle, focuses on means from three categories: identity (who I am), knowledge (what I know), and networks (whom I know). In other words, the main logic here is that entrepreneurs should act by focusing on the resources they have (Sarasvathy, 2001). The second principle, Affordable loss, allows the necessity to forecast future returns to be eliminated and implies a reduction in the time spent on planning. Therefore, entrepreneurs should focus on what they can afford to lose (Dew et al., 2009). The third principle is the Crazy quilt principle. According to Sarasvathy, it is beneficial for entrepreneurs to enter into various partnerships to raise resources while taking losses that they can afford. Therefore, being in contact with various stakeholders and involving them in the work, you do not only expand your network, but it also gives the possibility to increase other resources (Sarasvathy, 2001). The fourth principle, the Lemonade principle, states that unexpected events are inevitable in new beginnings. However,

entrepreneurs should have the ability to turn the unexpected into profitable actions (Sarasvathy, 2008). The last principle, Pilot-in-the-plane, addresses the concept of control in the business of entrepreneurs. According to this principle, an entrepreneur should intervene in an unpredictable environment and should try to transform and reshape it as much as possible. Entrepreneurs should not view happenings in autopilot mode, but become copilots to achieve success (Sarasvathy, 2008; Sarasvathy, 2001).

These principles ultimately lead to an expanding cycle of resources. The expanding cycle of resources is a central concept that explains how entrepreneurs leverage and transform their existing means to create new opportunities and outcomes. It is a key mechanism that underlies this decision-making process.

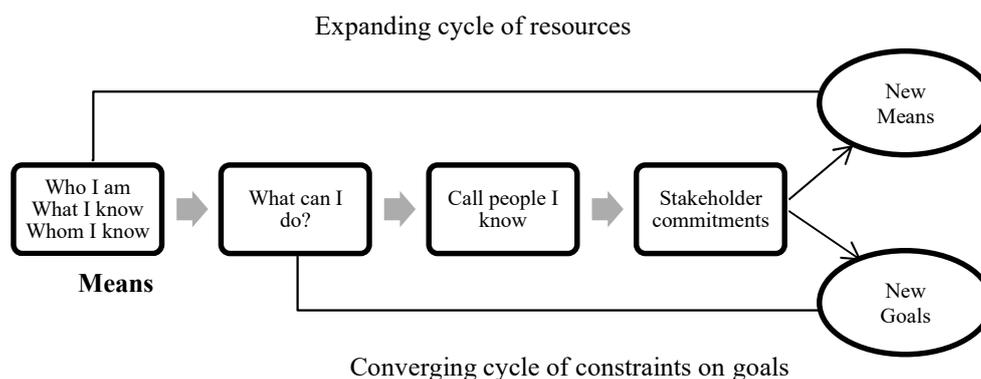


Figure 1. Expanding cycle of resources

Source: (Sarasvathy & Dew, 2013, p. 543)

Start-up businesses place greater importance on intangible resources such as knowledge, expertise, relationships, and decision-making, compared to tangible resources like equipment and finances (Fuller et al., 2008). Additionally, intangible resources are among of the main resources of family-based firms (Zellweger et al., 2019). Therefore, from this point of view, the unique characteristics of family entrepreneurship could play a vital role in new business initiatives. The internationalization process is not excluded from that.

Based on all these mentioned studies, a question arises. Is the use of the effectuation approach appropriate for family businesses in the internationalization process? Sarasvathy et al. combined the characteristics of cross-border business and entrepreneurship in their article “An Effective Approach to International Entrepreneurship: Overlaps, Challenges, and Provocative Possibilities”. This combination is presented in three headings – cross-border uncertainty, limited resources and network dynamics. Regarding cross-border uncertainty, the authors noted that regardless of whether the firms are entrepreneurs or not, they experience uncertainties in an environment they do not know. This includes when they leave the local market they know and turn to foreign markets. The authors of the study noted that firms, even those that are not entrepreneurial in nature, tend to behave like entrepreneurs in certain environments. One of the defining characteristics of entrepreneurial firms is their limited

resources, which can make it difficult for them to enter international markets. The authors also found that network dynamics pose a challenge for international entrepreneurs using effectual logic. Creating a network becomes more challenging when there are geographic and cultural differences to consider (Sarasvathy et al., 2014).

Family-based entrepreneurs are not fundamentally different from other entrepreneurs. Nonetheless, one aspect that is often overlooked is their ability to respond to challenges in a way that is specific to their family situation (Arregle et al., 2021). Moreover, the application of the effectuation approach in family businesses has not been studied in detail. Families who own businesses often have unique priorities and attitudes toward risk, which can impact their decisions related to expanding their operations internationally (Gomez-Mejia et al., 2011). Consequently, it may be more challenging for family businesses to adopt effectuation logic, even if they are entrepreneurs (Pongelli et al., 2016).

According to Chris Graves and Jill Thomas in their study about the determinants of the internationalization of family businesses, most small and medium-sized family enterprises are expected to adopt a conventional approach to expanding their business internationally. The main factors that influence their choice of strategy include the degree of dedication to internationalization, the financial means at their disposal, and their ability to effectively allocate and utilize those resources to build the necessary capabilities (Graves & Thomas, 2008). The internationalization of family businesses is a complex endeavor that requires strategic decision-making. In principle, effectuation theory offers a valuable perspective on this process by focusing on the dynamic and uncertain nature of entrepreneurship. Its principles, from leveraging available resources to adapting to unforeseen challenges, can guide family businesses through each stage of internationalization, enabling them to seize opportunities and navigate challenges effectively.

Research methods

The research is more theoretical than random sampling. That is why a single case was chosen. This case is noteworthy since intimate family bonds played a significant role in molding the attitudes of the young entrepreneur family and had an impact on their decision-making processes while they were expanding their business start-up internationally. Unlike several fast-growing start-ups, this young family did not have significant tangible resources. Therefore, the skills of one of the founders to build relationships and use them came to the fore at the beginning of the internationalization process. A Turkish family start-up represents that one case. With the help of the interview technique, deep information about the firm's internationalization process was collected. Deep contextualization and case-related explanations led us to detailed descriptions, and views of the company in order to find answers to our research questions (Jones et al., 2011). Hence, detailed information about the pre-internationalization and post-internationalization of the organization was collected. During the research, the co-founder of the family start-up was interviewed using a semi-structured approach.

The interview was arranged face-to-face. The author utilized open-ended, semi-structured questions to inquire about the core aspects and subsequently posed additional, more specific questions. Initially, the interviewee was requested to provide a general overview of the business and the history of its international expansion. Following that, he was asked to elaborate on the circumstances that led to internationalization and the firm's approach to entering those markets. Building upon this initial information, we then delved into more detailed inquiries about significant events, individuals, companies, or organizations associated with the internationalization and decision-making process. During the last part of the interview, the questions mainly focused on the effectuation logic assessment in the internationalization process (Easterby-Smith et al., 2015).

Content analysis was used to analyze the data. This method provides a structured approach to analyzing communication, enabling researchers to uncover implicit meanings and gain a deeper understanding of various phenomena (Elo & Kyngäs, 2008). While using the content analysis for the data collected from the case, different data analysis phases were gone through. Firstly, after the data collection, in order to reach the core, data reduction was carried out. Only the needed data was focused on after the interview. With the interview technique, even if you obtain a detailed case history of the family-based start-up, some data needs to be trimmed (Miles & Huberman, 1994). Some categorization is needed for each sub-topic in the collected material. During the interview, the questions were collected under three sub-topics. These sub-topics are general information about the family-based start-up, the internationalization route, and the usage of effectuation logic during the internationalization process by the family. The second phase was data categorization, which helped to see the effectuation logic before and during the internationalization stage. Finally, during the conclusion-drawing stage, the usage of the effectuation approach during the internationalization process was linked with the family's unique characteristics (Miller et al., 1997).

During the analyses, the internationalization route of the family-based start-up was examined and the effectuation logic in the internationalization process was identified. The impact of effectuation logic on the family on during the internationalization process was assessed.

Results and discussion

The company that was interviewed was specifically selected because its structure and activities are relevant to the research topic. The selected start-up is a family-based business that was founded by a married couple in 2019. They specialize in nuclear technology, research and development, producing customized computed tomography devices for their customers. Although the idea was initially supported and funded by public funds, the company later began to finance itself through domestic and foreign sales.

The structure of the company consists of only two people, the co-founders. The various fields of activity of the company are divided between both of them, but since both co-founders are specialists in the nuclear field, the production area was set up

together. The co-founder stated that the company's work and the family are closely intertwined. Although there is a division of labor in different areas, coordinated work is one of the basic values of the family. The interviewee also noted that being a family brings flexibility to their entrepreneurship activity. They believe that couples who spend all day together have a better understanding of each other's work, and joint decision-making becomes faster. In addition, their marriage has led to the expansion of their network, both for the family and the company. After getting married, both founders shared their networks with each other, which provided additional work, funds, and support for the company.

The selected family-based start-up company began to operate in international markets in 2022. Therefore, the company, which is still new, started selling its services in Italy and Poland with the income and knowledge gained in the domestic market. When we asked the co-founder of the company the reason that motivated him to enter foreign markets, he said that the Turkish market was too small for the family company's product. That is, the lack of demand for tomography devices in the domestic market prompted them to enter the wider foreign market. The entrepreneurs used their networks to attract customers from international markets. Hence, they were able to introduce their products thanks to the relations with the companies they know in Europe. Thus, the first customer proposal arrived, and the founders of the company thought it was time to enter into foreign markets. Furthermore, the presence of a local network did not create cultural, language or other local problems in the process of internationalization. Therefore, having a local network in foreign countries is of particular importance for entrepreneurs (Blomstermo et al., 2004). One of the founders thinks that what makes them superior in foreign markets is the production of customized products for the customer, and at the same time, since they are a family business, they have a faster and more flexible decision-making mechanism. In family-based entrepreneurship, which is smaller as is obvious, they see being a family as more of an advantage.

The family and the internationalization process were also touched upon during the interview. The interviewee stated that in the process of internationalization, the family did not have any unique values to influence this process since both the family and business are new. Although the family and the business are intertwined, it takes years to create special socio-emotional wealth. Therefore, the internationalization of the business is not different from any other entrepreneurial firm going through the same process. However, during the interview, it became clear that the other founder was initially against the internationalization of the business. The other founder claimed that the company had not grown enough in the local market and considered internationalization risky. In addition, the other co-founder insisted that in the time lost in exporting to international markets, they could take additional orders in the domestic market. This situation is unique because the co-founder is also the person they are married to, creating an emotional bond that cannot be overlooked. This situation can lead to conflicts, especially when the family members are involved in the business and feel obligated to intervene. Although conflicts can be detrimental to a company's performance, certain types of conflict (such as cognitive and process conflict) can improve decision-making by generating a wider range of options for

the business (Kellermanns & Eddleston, 2004). Likewise, emotions can positively influence performance by fostering a sense of shared responsibility and ownership among family members, who perceive the business as a joint endeavor (Pierce & Jussila, 2010).

Whether or not there were fixed plans in advance regarding internationalization was also a topic of discussion. Nonetheless, the family company did not set a fixed plan in advance, preferring to be more flexible. They also believed that the plan would evolve by itself, relying on the future. One of the main discussions with the interviewee was about the resources used by the family business in internationalization. They leveraged their family's network to generate profit from partner companies.

When asked about the financial resources used for internationalization, the interviewee mentioned that they have specific approaches in this regard. They tried their best to complete the project with minimum costs, as the internationalization process involves some risks. The interviewee explained that they feel a great sense of responsibility towards their family and want to protect the company as much as possible to pass it on to the next generations. It was also noted that no specific budget or investment planning was done for internationalization; only the costs were set out. During the financing of these expenses, the interviewee treated it as they would any other typical family business. Due to the cautious disposition and the goal of retaining full authority over the company, the family owners were generally hesitant to secure financial funding through loans from lending institutions or by introducing external equity. During the interview, the founder also stated that they are cautious about external funds and often prefer to use internally generated funds. This implies that family businesses follow a specific hierarchy in securing extra funds, giving preference to using internally generated equity rather than opting for long-term debt or external equity. This point can be one of the reasons why family entrepreneurs act with effectual logic in the beginning.

Unlike the beginning of the internationalization route, the current internationalization process of the company is determined by plans, goals, and budgets prepared in advance. When asked about the reason for this, the interviewee stated that the reason they did not become more flexible and unplanned in the beginning was that they were unprepared and less experienced. Fixed plans can be created according to the experience already obtained. Currently, they tend to use classic methods to expand into the markets they are currently in and into new markets. According to the co-founder, current internationalization plans are based on segmentation, targeting, and positioning strategies. The experience and financial opportunities they have gained have reduced uncertainties and they know the markets better. This shows that as the company's internationalization experience increases, they move away from effectuation logic and approach causation logic.

The activities of the internationalization phase of the family firm are collected in the following table. Internationalization was recorded over two phases. The first stage is the stage of opening to world markets and entering the first market. The foreign market representing the first stage is Italy. Later, the expansion of internationalization and the second country was taken over. Since the second stage began

with the entry into Poland, that country represents the second stage. Effectual logic was also investigated and noted in those activities. The resulting table allows us to follow and understand the activities in internationalization and the effectual logic therein.

Table 1. Decisions on internationalization stage and logic behind them

Internatio- -nalization stage	Main activities	Effectual logic within family entrepreneurship
Italy	<ul style="list-style-type: none"> • Entry into first foreign market • Choice of Italy because of strategic network with customer • Sale of first software to Italian company • At first there was no pre-budget planning for sales to foreign market • Since product itself is not fully finished product, it was worked on together with customer • Preparation for new markets 	<ul style="list-style-type: none"> • High uncertainty about decision • Use of network and trusting it • Main goal is to gain additional opportunities by satisfying foreign customer • Driven by means, but at the same time start-up owners try to think long-term to protect family business from damage
Poland	<ul style="list-style-type: none"> • More experienced entry into second country • Reason for choosing Poland was again to find customers using networks • More prepared export and budget planning, as well as product development according to customer's exact wishes • Export of fully developed computed tomography device to Poland • Setting goal of expansion into the market 	<ul style="list-style-type: none"> • Knowledge and experience gained in first country is already applicable • Through experience and knowledge, some aspects of the future are more predictable. • As a result, uncertainty decreased • Driven by goals because of conservative attitude of family business owners

Source: Semi-structured interviews conducted with co-founder

The above decision-making logic should be followed based on the principles of effectuation theory. Of course, since the resources available to the entrepreneurs are limited, they remain loyal to the Bird-in-hand principle, either at the beginning of internationalization or in the ongoing period. Also, the Lemonade and Pilot-in-the-plane principles were followed in both periods. However, according to the answers of the interviewee, the Affordable loss and Crazy quilt principles are slowly being abandoned due to the unique characteristics of the family business. Because of the need to transfer the accumulated capital to the next generations, which is

one of the main issues of the family business, there is a need to start new business initiatives only with a fixed budget in advance. The Crazy quilt principle affects the dominance of the family over the business by bringing new people into the family business every time. It also raises the issue of trusting non-family members. Therefore, since there were more uncertain points at the beginning of the internationalization process, family business owners followed the principles of effectuation in their actions. In other words, even though they are a family business, they have taken more risks with entrepreneurial thinking and have started thinking effectually according to that risk. Nevertheless, over time, the accumulated experience and knowledge reduced the uncertainties, and they began to turn to a causal way of thinking.

Conclusions

The study showed that the newly established family-based start-up behaves like other entrepreneurs in a business initiative considering the fact it does not have socio-emotional wealth accumulated over generations. Even though the family and the business are intertwined, since both the family and the business are new, being a family does not have a serious effect. Therefore, in the context of internationalization with limited resources, it starts with effectuation logic against uncertainties. However, since family businesses have a long-term mindset, they prefer to be more prepared for internationalization expansion. They are more inclined to manage risks by establishing fixed plans with a single goal, wider resources, and a network.

This was seen in the research conducted on the family-based start-up above. Thus, family entrepreneurship, which begins the process of internationalization with effectuation logic, moves towards causal logic as experience increases and uncertainties decrease. This decision was made because the interviewee, who is a family representative and also a co-founder of the company, reflects upon the long-term vision of the family business.

Several practical solutions that can be applied have arisen from the studied case. When family entrepreneurs go international, focusing on the resources they have can save them from overhead planning costs. In particular, they can attract additional resources by browsing their networks. This is known as the Bird-in-hand principle, as an entrepreneur begins with what is readily accessible to them. Moreover, beginning with an amount of money they can afford to lose can also help shield the family business from additional harm to its wealth. Entrepreneurs are willing to invest these means in small, affordable experiments or activities. This principle emphasizes that they should be willing to take calculated risks and view any losses as part of the learning process. Entrepreneurs form partnerships, collaborations, and alliances with others to pool resources and share risks. These connections help expand the resource base beyond what was initially possessed. If things do not go as planned and unexpected challenges arise, the entrepreneur is resourceful and adapts to the new situation. The entrepreneur believes that the future can be influenced and shaped by actively engaging in the process of creating opportunities. The Pilot-in-the-plane principle encourages entrepreneurs to maintain a sense of control and agency over

their decisions. In addition, they should focus on managing uncertainties as much as they can (Sarasvathy, 2001).

The main goal of the research was to investigate if effectual logic makes the internationalization process smoother for a family entrepreneurship. When family businesses enter foreign markets, taking into account their long-term vision, the decision-making process can be more difficult for them. As a response to this problem, it was important to examine the scope of the application of effectuation theory. Employing effectual logic is not the ideal solution sought by family business institutions in their pursuit of new ventures. Nonetheless, it is a path they can follow for the initial stage.

The study had some limitations and is open for future research. Firstly, relying only on a single case narrows our ability to see some perspectives. Therefore, further research with other family entrepreneurs may lead to new contributions. Moreover, effectuation theory can be explored in the management of new business initiatives with family businesses with a longer history. In addition, the application of various quantitative methods can expand the horizons of effectual logic in family entrepreneurship.

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LOGIKA EFEKTUACJI W RAMACH PRZEDSIĘBIORCZOŚCI RODZINNEJ: BADANIE DROGI INTERNACJONALIZACJI START-UPU RODZINNEGO

Streszczenie: Celem artykułu jest wniesienie wkładu w literaturę dotyczącą teorii efektuacji, szczególnie z perspektywy procesu internacjonalizacji rodzinnego start-upu. Badanie miało charakter jakościowy i polegało na wykorzystaniu pojedynczego studium przypadku, opartego na wywiadzie ze współzałożycielem. Przygotowano eksploracyjne studium przypadku, aby pokazać zastosowanie logiki efektuacyjnej na ścieżce internacjonalizacji przedsiębiorczości rodzinnej. W badaniu przedstawiono proces decyzyjny rodzinnego start-upu przy wejściu na rynki zagraniczne. Zbadano natomiast wpływ bycia rodziną na internacjonalizację. W trakcie rozmowy ujawniono, że założyciele start-upu na wczesnych etapach internacjonalizacji nadal podejmowali decyzje w oparciu o efektywną logikę. Jednak wraz ze wzrostem doświadczenia firmy w procesie internacjonalizacji założyciele podeszli do logiki przyczynowej. Istnieje kilka badań, które badały teorię efektów z perspektywy firm rodzinnych. Ponadto, w kontekście internacjonalizacji, oryginalność badań przyczynia się do rozwoju teorii efektuacji.

Słowa kluczowe: podejmowanie decyzji, logika efektywna, firma rodzinna, przedsiębiorczość rodzinna, internacjonalizacja

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