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Internationalization of Family Business Groups: Content Analysis of the Literature and a Synthesis Model

Özlem Yildirim-Öktem [a,*], Nisan Selekler-Goksen

[a] *Bogazici University. Department of International Trade Hisar Campus, 34340 Bebek/Istanbul*

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Abstract Family business groups are dominant economic actors in emerging economies and play an important role in economic development and globalization efforts of their countries. This study reviews the literature on internationalization of family business groups by conducting a content analysis on 80 articles published in selected categories of SSCI journals between 2000 and 2015. Each article was coded along six dimensions and a model synthesizing the past findings was developed. Gaps in the literature were identified and avenues for further research were proposed, pointing out to variables and theories that may be considered.

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Internacionalización de los grupos de empresas familiares: análisis dela literatura y modelo sintético

Resumen Los grupos de empresas familiares son los actores dominantes dentro de la economías emergentes y juegan un importante papel dentro del funcionamiento de la economía y del esfuerzo globalizador de sus países. Este trabajo analiza la literatura sobre internacionalización en grupos de empresas familiares mediante el análisis de contenido de 80 artículos publicados in categoría seleccionadas del SSCI entre los años 2000 y 2015. Cada artículo ha sido codificado en 6 dimensiones y un modelo que sintetiza los hallazgos pasados y su desarrollo. Se identificaron lagunas en la literatura y se proponen vías para futuras investigaciones, señalando las variables y teorías que pueden considerarse.

*Corresponding author.
E-mail addresses: ozlem.yildirim1@boun.edu.tr

Introduction

Family firms play key roles in economies of both developed and developing countries (Schulze & Gedajlovic, 2010). They are not only currently predominant in Asia, Latin America, Europe and the US but also expected to remain an important feature of global capitalism for the foreseeable future (Aguilera & Crespi-Cladera, 2016). They have also drawn much scholar attention in pioneering journals (Short, Pramodita, Lumpkin & Pearson, 2016). Much of this attention has been directed to family firms of small and medium size although conglomerate-like family firms are relatively neglected. As a variant of the form named as business groups (BGs), family business groups (FBGs) emerge as the dominant form of organizing in many emerging economies (Khanna & Rivkin, 2001).

A BG can be defined as "collections of legally independent firms, operating in multiple (often unrelated) industries, which are bound together by persistent formal (e.g. equity) and informal (e.g. family) ties' (Khanna& Yafeh, 2007, p. 331). A variant but widely prevalent type of this form is family business groups (FBGs). Different from typical stand-alone family firms, FBGs are large and unrelatedly diversified through legally separate firms. Families maintain control over the FBG through centralized management structures, cross-shareholdings, multiple directorates and key management positions within the group, social integration based on family ties as well as by grooming sons and daughters to succeed the founding patriarchs (Granovetter, 1995; Lin, 2003; Wailerdsak, 2008). Additionally, they are characterized by pyramidal ownership structures that lead to disparity between ownership and control rights. Pyramidal structures also enable families to control firms in which they have minority stakes through their majority ownership in the controlling center of the group, a flagship company, or intermediary firms (Chung and Mahmood, 2010; Sarkar, 2010).

FBGs can be exemplified by Korean chaebols, Indian business houses, Latin American grupos, Taiwanese qiyejituan, and Turkish holding companies (Guillen, 2000). They have been the driving force of their countries' economic development (Wailerdsak and Suehiro, 2010) and despite significant changes in the economic and institutional environments of these countries, they have been persistent and resilient (Kim, 2010). The largest FBGs account for a significant percentage of their country's total output; majority of the largest firms are their affiliates, and a significant percentage of the total labor force is employed by these groups (Chung & Mahmood, 2010; Colpan, 2010; Kim, 2010; Sarkar, 2010). For example, while 54% of the total market capitalization in Indonesia is held by firms that belong to FBGs (OECD, 2012), 50 percent of the largest companies in both Turkey and Mexico are either FBGs or their affiliates (Hoshino, 2010; ISO, 2016).

As key economic actors in their contexts, internationalization of FBGs can be expected to play an important role in economic development of their countries. Over the last two decades, a key change in many of these markets has been a clear transition to a more liberal regulatory regime which encourages competition, especially from foreign firms (Elango & Pattnaik, 2011). Moreover, as emerging country multinationals, FBGs' share in foreign direct investment (FDI) flows and cross-border acquisitions has expanded (Guillen & Garcia-Canal, 2009). Home countries of FBGs such as South Korea, Taiwan, Malaysia and Chile are among the top 20 countries in terms of outward FDI flows (UNCTAD, 2015). Given these developments, time is ripe for a literature review on internationalization of FBGs. Although the topic of internationalization is receiving increased attention in family business research (Casillas, & Moreno-Menendez, 2017; Pukall & Calabro, 2014), the extent to which research on stand-alone family businesses is generalizable to FBGs is questionable due to the particularities of FBG as an organizational form. Financial constraints, inadequate level of technology, and managerial expertise, which are stated as some of the impediments for internationalization of stand-alone family businesses (Gallo & Pont, 1996), do not characterize FBGs, rather their richness in such resources creates opportunities for them. As conglomerates with strong internal capital markets, FBGs are shielded from the financial constraints that most stand-alone family firms face. In addition, sharing a common managerial pool enables each constituent firm to benefit from the technological and marketing capabilities of other group members and facilitate foreign expansion (Kim, 2010). In countries with scarce qualified human resources, attracting and sharing talented personnel within a group provides substantial competitive advantages for FBGs vis-a-vis stand-alones. Moreover, as having grown through unrelated diversification, FBGs are more used to establishing alliances with third parties such as the state, multinationals, or other domestic companies in comparison to stand-alone family firms in developed or developing countries. Finally, most FBGs can often replicate group-level resource advantages in foreign markets (Guillen, 2002). When a group firm enters a foreign market, sister-affiliates in that market may constitute reliable partners to do business with and learn from about the local environment. Additionally, newcomers can benefit from the reputation of earlier entrants of the FBG (Kim, 2010). Thus, sister affiliates can lower entry barriers for one another (Guillen, 2003). These differences between FBGs and stand-alone family firms merit a separate literature review on the internationalization of the former.

The main contributions of this paper are twofold. First of all, this literature review draws attention to a neglected form of family business, FBGs. As the family business field has been reaching its maturity, studying FBGs from a family perspective may provide a potential venue for future family business research. Second, the paper synthesizes the literature on internationalization of FBGs by proposing a model, pointing out the gaps in the literature, and providing suggestions for future research.

The structure of the paper is as follows: The following section provides a description of the review methods. The third section discusses the results of the content analysis while the fourth synthesizes the literature by proposing a model. The fifth section identifies the gaps in the literature and discusses future research directions. Finally, the sixth section concludes.

Research Methodology

Selection of the Reviewed Articles

The articles in the sample were chosen from the journals categorized under "Business", "Business Finance" "Economics", "Management", "Social sciences – Interdisciplinary" and "Sociology" fields by the Web of Science database. In the first step, in order to identify articles on business groups, the following key words, which were previously adopted by Carney, Gedajlovic, Heugens, Van Essen and Van Oosterhout (2011) were used: "business groups", "chaebols", "keiretsu", "grupos", "business houses", "pyramids", "oligarchs", "quanxiqiye" and "qiye jituan". Among them, only the articles written in English were chosen.

The time-frame of the articles in the sample is 2000-2015 as internationalization efforts of FBGs in most emerging economies picked up in late 1990s. For example, many East Asian governments removed restrictions on both inward and outward trade and investment after the 1997 financial crises as they became aware of their significance for fueling economic growth (Chung & Mahmood, 2010; Wailerdsak & Suehiro, 2010).

Between 2000 and 2015, there were 558 articles on business groups. The authors read their abstracts and scanned the articles in order to choose those related to internationalization. In this study, internationalization includes both outward and inward internationalization. Although literature's focus has traditionally been on outward internationalization (Korhonen et al., 1996), inward internationalization may precede and enhance outward internationalization (Welch & Luostarinen, 1988). While choosing the articles, the following key words were used:"international", "export", "global", "international sales", "foreign shareholder", "foreign investor", "foreign ownership", "foreign subsidiary", "mode of entry", "location choice", "foreign direct investment", "foreign portfolio investment", and "international commitment". These included the key words previously used by Pukall and Calabro (2014) in their review of internationalization of family businesses. Among the pool of 214 articles established at this stage, 88 were eliminated as internationalization was not their main topic and variables related to internationalization were only used as control variables. Among the remaining 126 articles, the hypothetical-deductive papers had at least one hypothesis related to internationalization of BGs while conceptual papers or case studies had at least one sub-title reserved for internationalization (e.g. Chu, 2009; Pananond, 2007). Finally, 46 articles were eliminated because they were about Japanese, Chinese or Russian business groups which are not family-owned and -controlled. Eliminations were done by the consent of both authors at all stages. The final sample was composed of 80 articles.

The 80 articles were from 39 different journals majority of which were under "Business" and "Management" categories of Web of Science. Asia Pacific Journal of Management, Journal of International Management and International Business Review were the top three outlets in terms of publishing internationalization of FBG articles; each had published six articles between 2000 and 2015. These three journals were also manually scrutinized for the research period to ensure that no relevant article was missed. Additionally, two SSCI journals with "family business" in their names, Journal of Family

Business Strategy and Family Business Review, were also manually checked for articles on FBGs for the research period. The search led to identification of six articles, none of which was about internationalization.

Content Analysis

In order to review the literature systematically, a content analysis was conducted. Each article was coded along six dimensions; theme/category, findings/insights, research context, type of study, theory and family-related variables (see Appendix 1). Coding was done by both authors.

The first dimension regards the theme/category of the study in order to reveal the most frequently studied topics in internationalization of FBGs, to identify how the topics of interests have changed over time, to point out the neglected areas of study and to suggest potential avenues for future research on internationalization of family businesses. The initial coding scheme included one pre-determined theme "Globalization of FBGs" and three categories under this theme, namely, antecedents, processes, and consequences of globalization. A new theme/category was created when an article could not be coded under existing themes/categories. During the coding process, two new themes emerged.

The first emergent theme was labeled as "internationalization and corporate governance" and included articles that were at the intersection of internationalization and topics related to corporate governance. Two categories were created under this theme. The first one is called as the "impact of corporate governance" and it includes articles mainly on the role of good governance structure in attracting foreign investment. The second category of articles under this theme investigates the impact of foreign ownership on various firm characteristics and performance, and was labeled as "impact of foreign investors".

The second emergent theme was labeled as "Impact of FBG as an organizational form on internationalization". Initially, four different categories were created under this theme. The first category included articles related to the impact of FBG affiliation on internationalization, while the three other categories were comparative in nature, comparing FBG affiliates with stand-alone firms or sister affiliates, or subsidiaries of developed country multinationals along various aspects of internationalization. However, there were only a few articles that compared affiliates within the same FBG, and affiliates of FBGs with subsidiaries of developed country MNEs. Therefore, the categories that were comparative in nature were merged into one category. In the final coding scheme, the third theme has two categories; namely, "Impact of FBG as an organizational form" and "Comparative studies on FBG affiliates".

The second dimension in the content analysis synthesizes the findings/insights related to internationalization of FBGs with respect to each theme/category. The third dimension focused on the context of the study to reveal the settings that have taken utmost attention by the scholars in the field throughout the research period as well as understudied or up-and-coming research contexts for studying FBG internationalization. The fourth dimension probed the type of study. Articles were coded as conceptual papers, empirical papers, case studies, and papers based on theoretical models. For empirical papers in the sample, main variables were also coded in order to arrive at a synthesis model of the literature. The fifth dimension concentrated on the theories used in order to see which theories are most commonly used to study internationalization of FBGs and how these theories form basis for different topics in the literature on internationalization of FBGs. The sixth dimension aimed to identify the family-related variables used in relation to internationalization efforts of FBGs.

Results of the content analysis

Themes and Findings

In this section, findings are synthesized in line with the themes in the content analysis, namely (1) Globalization of FBGs, (2) Internationalization and corporate governance, and (3) Impact of FBG as an organizational form on internationalization.

Globalization of FBGs

The first theme, globalization of FBGs, includes three categories, namely, antecedents, processes, and consequences of globalization. Papers analyzing the antecedents of internationalization focus either on country- or FBG-level variables. Both groups of articles, however, commonly make references to the institutional environments in which FBGs are embedded, with a particular attention paid to the role of the state. At the macro level, internal and external liberalization efforts of governments and changes in the domestic market pushed FBGs to internationalize (e.g. Chu, 2009; Gökşen & Üsdiken, 2001; Stucchi, Pedersen, & Kumar, 2015). The group-level effects, on the other hand, can emerge either from family ownership and management or group-specific characteristics such as technical capabilities and, age, size and prior international experience of the group. While influence of the family tends to be positive (e.g. Chung, 2014; Lin, 2014; Singh and Gaur, 2013), group resources also emerge as significant (Kim & Lee, 2001; Kumar et al., 2012). Findings also draw attention to the effect of family's ties both with the state and within the group on internationalization success (Chen and Jaw, 2014; Rugman and Oh, 2008; Siegel, 2007). Pananond (2007), however, finds an increasing significance of technological capabilities vis-a-vis personalized networks as a determinant of internationalization success as a result of institutional changes following the East Asian crisis.

Papers focusing on the process of internationalization probe either how FBGs internationalize over time or the strategic choices made during their internationalization processes. This category of papers reveals that in many countries or regions, such as South Africa (Chabane et al., 2006), Italy and Spain (Binda & Colli, 2011), and Indonesia (Carney & Dieleman, 2011), FBGs' level of internationalization has increased. However, similar to MNEs in developing countries (Rugman and Oh, 2008), they have mostly internationalized in their own regions the institutional and cultural environments of which they are familiar with (e.g. Borda-Reyes, 2012; Carney, 2005a). Articles focusing on strategic decisions made by FBGs throughout the internationalization process suggest that the gradual process of learning and commitment model does not apply to emerging economy MNEs; rather the roles of networks, acquisitions, big step commitments, availability of human resources, institutional environment of the home country and possible managerial biases should be taken into account (Elango & Pattnaik, 2011; Meyer & Thainjongrak, 2013). Impacts of FBG-level international experience and intra-group learning have also been studied, drawing attention to their effect on modes and timing of affiliates' foreign market entry.

The relatively smaller number of papers on consequences of internationalization draws attention mainly to its positive impact on innovation (e.g. Chittoor, Aulakh, & Ray, 2015), complexity of firm's technological capabilities (Lamin & Dunlap, 2011) and innovativeness under certain group characteristics (Mahmood & Zheng, 2009).

Internationalization and Corporate Governance

This theme has two categories: the impact of corporate governance in attracting foreign investment and effects of foreign investors on FBGs. Papers which analyze the impact of firm governance on attracting foreigners as joint venture partners or institutional investors almost exclusively emphasize the negative effect of disparity between family ownership and control, which is a characteristic of emerging country FBGs. Foreign equity ownership is generally higher for FBG firms than stand-alone firms (Baek et al., 2004; Choi et al., 2013). However, excessive ownership-control disparity has a negative influence on the FBGs' ability to attract both foreign portfolio investment (Kim et al., 2011) and being chosen as a JV partner (Choi et al., 2014; Luo et al., 2009). It emerges as a problem particularly in attracting foreign industrial, vis-a-vis foreign financial, investors (Choi et al., 2014) and investors from countries with low ownership-control disparity (Luo et al., 2009). In emergence of different foreign equity configurations, articles in this category highlight the role of governance model in the foreign investor's home country, type of foreign investor, and governance structure of the domestic firm.

Articles focusing on the effects of foreign involvement on FBGs find that entry of foreigners as portfolio investors or IJV partners has an impact on firm's performance, strategic decisions, and governance. Foreign ownership improves firm performance (Baek et al., 2004; George & Kabir, 2012). It also affects FBG strategies by accelerating group divesture (Chung and Luo, 2008), decreasing the tendency for asset reduction (Park and Kim, 2008), and facilitating outward FDI (Bhaumik et al.,2010). Involvement of foreigners, particularly institutional investors, seems to enhance corporate governance by playing the important role of monitoring (Bae & Jeong, 2007; Choi et al., 2013, Kim, 2011). However, partnering with a foreign firm does not necessarily lead to a change in terms of professionalization of the board (Yildirim-Öktem & Üsdiken, 2010). Board composition of the IJV varies with different foreign equity configurations (Ertuna &Yamak, 2011) and the performance premium depends on the alignment between the governance structure and the social context (Chung & Luo, 2013;

Yamak et al., 2015). In examining the impact of foreign ownership, articles in this category draw attention to the need to differentiate between different types of foreign investors (portfolio versus institutional), their origins (home countries with shareholder- versus stakeholder-based corporate governance systems), and the importance of fit between structure and context.

Impact of FBG as an Organizational Form on Internationalization

The third theme has two categories, respectively named, impact of FBG affiliation on internationalization and comparative studies on FBG affiliates. The first category of articles investigates the effects of intra-group interaction on internationalization and points out that the unique group structure not only helps to overcome institutional failures in emerging countries but also provides benefits to affiliated firms in deregulated, globally competitive markets on an ongoing basis. Group affiliation helps the member firms to internationalize more rapidly, and reduce the chances of making mistakes due to liabilities of foreignness. Coordinative knowledge-sharing (Lee & MacMillan, 2008) and vertical integration among affiliates (Le & He, 2009) provide mutual support and enhance foreign subsidiary performance. Affiliate firms benefit from other group members' resource bases such as knowledge, connections, skills and experiences in foreign markets (Guillen, 2002; Elango & Pattnaik, 2007; Lamin, 2013; Lee & MacMillan, 2008) while their parent firms create buffers against the risks they may face in international markets (Becker-Ritterspach & Bruche, 2012). However, resources available within FBGs have limits to be exploited. First, there is heterogeneity among group affiliated firms in terms of the attention and support received from the parent for internationalization (Gubbi, Aulakh, & Ray 2015). Second, group resources are mostly region-bound and do not provide benefit in institutionally different contexts (Borda-Reyes, 2012).

Most of the articles in the second category of the third theme compare FBG affiliates and stand-alone firms on the basis of internationalization strategies and/or performance. While there is more consensus on that FBG affiliates are advantaged in attracting foreign ownership (Kim, 2012; Sarkar & Sarkar, 2008), whether they have a greater tendency to be local (Carney et al., 2011; Chari, 2013) or foreign market-oriented (Chittoor, Sarkar, Ray, &Aulakh, 2009) vis-à-vis stand-alone firms is open to dispute. Findings are also equivocal regarding the moderating effect of BG affiliation on the internationalization - firm performance relationship (Gaur and Kumar, 2009; Singla and George, 2013). A smaller group of articles in this category compares FBG affiliates with other affiliates in the same group or affiliates of other groups or MNC subsidiaries, focusing on learning and knowledge transfer patterns (Banerjee, Prabhu & Chandy, 2015; Lee, Park, Gauri, & Park, 2014a).

Research context and type of study

The literature survey shows that internationalization of Korean chaebol and Indian business houses drew more attention than that of FBGs from other contexts. They establish more than sixty percent of the sample. In the first half of 2000s, Koran chaebol is the only FBG which drew scholarly attention. This is understandable as Korean industrialization efforts and internationalization preceded other late industrializing economies. Indian business houses, on the other hand, take scholarly attention only after 2008, but establish almost seventy five percent of the articles in the last five years of the research period. Studies on internationalization of FBGs from countries other than those from South East Asia (e.g. Latin American grupos and Turkish family holdings) are very rare. This is probably because of the pioneering role of South East Asian FBGs in emerging economies' internationalization efforts.

Empirical studies establish more than three fourths of the articles included in the study. They are particularly dominant in the last five years of the research period (2011-2015). Case study methodology, on the other hand, is mostly adopted when analyzing antecedents, processes and consequences of internationalization. They include single or multiple cases at the country- or FBG-level. There are also a few conceptual papers all of which are about the process of internationalization.

Theories

Institutional theory emerges as the dominant theoretical paradigm independent of the themes/categories. Almost half of the articles in the sample use institutional theory alone or together with another theory. This tendency can be attributed to the need to explain the distinctive characteristics of the organizational form by referring to the idiosyncrasies of the context shaping the form. Articles use institutional theory to investigate the impact of (i) institutional changes in FBGs' home markets on internationalization efforts and mode of entry, (ii) similarities/differences in institutional environments between home and host markets on location, mode choice and performance, (iii) institutional development in shaping the consequences of internationalization as well as (iv) both formal and informal institutions with a focus on the role of the state. However, mainstream family business internationalization literature neglects the context to some extent and thus makes less use of institutional theory (Pukall & Calabro, 2014).

Agency theory emerges as the second most frequently used theory and pervades articles related to internationalization and corporate governance (Theme 2). Mainstream use of agency theory in corporate governance literature draws attention to the conflict between owners and managers, as the theory emerged from Anglo-Saxon economies where there is a separation of ownership and control. In emerging economies, on the other hand, the main agency conflict emerges between large and small shareholders due to the ownership-control disparity. In comparison to stand-alone family businesses, the problem of ownership-control disparity is particularly severe in FBGs due to the pyramidal ownership structure of the former. Therefore, the agency problem is converted to a principal-principal conflict rather than a principal-agent one, changing the dynamics of the corporate governance process in the absence of strong protection of minority shareholder rights (Young, Peng, Ahlstom& Bruton, 2008). This, in turn, is reflected to the use of agency theory in FBG internationalization literature by changing the nature of agency conflict taken into consideration. The contextual differences also lead to use of agency theory in combination with institutional theory in many cases.

Another commonly used theoretical framework is resource-based perspectives, such as and typically the RBV. As in the mainstream international business literature (e.g. Beleska-Spasova, Glaister & Stride, 2012; Pehrsson, 2015; Stoian, Rialp & Rialp, 2011), RBV is particularly common in analyzing antecedents and processes of globalization. It has a tendency to be used in combination with other theories in general and with institutional theory in particular. Social capital is regarded as the most significant resource for FBG internationalization and in a parallel manner, personal network of the family, ethnic ties, and political ties also draw attention. Additionally, past experience of the group firms and technological and marketing resources available to the group are also considered significant. This draws attention to the afore-mentioned (Carney, 2005b; Guillen, 2000) vitality of social capital in emerging economies. Contrary to the FBG literature where familial ties with external stakeholders primarily the bureaucrats and politicians in power are more critical sources of social capital, family business literature has traditionally an internal focus (e.g. Pearson, Carr & Shaw, 2008) although the significance of familial connections with external stakeholders have been more recently emphasized (Miller & Le Breton Miller, 2005, Sharma, 2008, Ward 2004).

Although no other theory emerges as a dominant paradigm, references are also made to network, learning and knowledge literatures (e.g. Lee et al, 2014a; Lee, Ryu, & Kang, 2014b; Lee and MacMillan, 2008; Mursitama, 2006). As seen in Appendix 1, approaches widely used in traditional international business literature are not used as frequently as institutional theory and agency theory. For example, Meyer & Thaijongrak (2013) do not see the Uppsala Model as applicable to FBGs. This, in turn, is understandable given that FBGs started their internationalization processes as already large enterprises which are capable of making FDI through acquisitions. Therefore, the springboard perspective is seen more applicable to them (e.g. Elango & Pattnaik 2011; Popli & Sinha, 2014). In the few articles OLI paradigm is used, attention is drawn to that ownership advantages of FBGs are geographically-bound; they are likely to provide advantages in international efforts oriented towards neighboring countries.

Family Dimension

Among the 80 articles in the sample, there are only 19 articles that include a family dimension. In some of these, family variables are not central to the study, but they are used as control variables or to develop alternate hypothesis (e.g. Belenzon and Berkowitz, 2010). This, alone, shows the negligence of the family dimension in studying internationalization of FBGs. As can be seen in Table 1, variables used in these studies are mostly limited to family control through ownership and management. In the sample, there is only one empirical study (Chung & Luo, 2013) that went beyond and took leader's human capital into consideration.

Family control in FBGs is measured differently than it is in the mainstream stand-alone Family business literature due to the distinctiveness of the organizational form. As FBGs' ownership structure is pyramidal, the sum of family's direct and indirect shares at both parent company and affiliated-firm level is calculated to measure family ownership. Similarly, board or executive positions held by family members at both parent- and affiliated-firm levels as well as family domination in the "inner circle" are typical measures to assess the managerial control of the

Table 1: Family-related variables in the sample

Article	Family variable	Measure	Sample
Göksen & Üsdiken (2001)	Family ownership (FO)	FO: percentage of shares held by the extended family at two levels; parent firm and the affiliated companies	20 Turkish BGs, 18 of them family-controlled
Baek, Kang & Park (2004)	Concentrated ownership by the controlling family	Ownership block held by the owner-manager and family members	644 non-financial, listed firms, 23% of which are affiliated to the 30 largest chaebol
Chung & Luo (2008)	Family dominance (FD) Family size	FD measured by FO and family control (FC). FO: at the group level calculated by a weighted average (weighted by member-firm sales as a percentage of total group sales) of family ownership in all member firms; at member firm level calculated by the percentage of shares owned by individual family members and other member firms controlled by family members. FC: a factor score from two variables; percentage of board chairs held by the extended family, and chair overlap, measured by the Herfindahl Index Family size: the number of family members who are potentially available to be chairs in member firms	109 Taiwanese FBGs
Luo, Chung & Sobczak (2009)	Family ownership Family chair	FO: the percentage of shares owned by individual family members and other member firms controlled by family members. Family chair measured by a dummy variable, indicating whether the chair is from the immediate or extended family of the founder	801 firms that are affiliates of 175 Taiwanese FBGs
Belenzon & Berkowitz (2010)	Family ownership	FO measured by a dummy variable for family-owned groups	61,743 European BGs, of which a substantial fraction is family-owned
Bhaumik, Driffield & Pal (2010)	Family ownership	FO measured by two dummy variables; whether a family is the single largest owner of shares in a firm, and whether the firm is affiliated to a BG.	777 Indian firms, 40% of which are affiliated to a BG.
Yildirim-Öktem & Üsdiken (2010)	Family ownership	FO: the proportion of equity held directly by family members,	299 firms affiliated to top 10 Turkish FBGs
Sahin (2011)	Personal ownership	Personal ownership: Measured by a dummy variable; whether the BG is founded by families	32 Turkish FBGs
Lee, Hoy & Hoy (2012)	Ownership concentration	Measured by two variables; ultimate ownership (UO) and owner identity (OI) UO: control rights of the ultimate owner of the largest shareholder OI: two dummy variables for foreign and government firms, benchmark group is the family-owned firms	267 listed firms in Malaysia, a fraction of which are FBG affiliates
Singh & Gaur (2013)	Family ownership	FO: the percentage of shares owned by family	16,337 firm-year observation of Indian listed firms. 43% of the sample is composed of BG-affiliated firms
Chung & Luo (2013)	Family successor, Family ownership Leader's human capital	Family successor measured by a dummy variable; whether the incoming chair is related to the controlling family through marriage or family ties FO: percentage of shares held by the family, calculated by using the methodology for pyramidal ownership structures (LaPorta et al., 1999) Leader's human capital measured by two variables; education (highest degree earned), and related work experience (if the chair worked in the same industry in the previous two years)	573 publicly-listed Taiwanese firms, 81% of which are group-affiliated firms
Chung (2014)	Family management (FM) Family ownership	FM is measured by a dummy-coded variable to identify whether a subsidiary's CEO is the family member of the controlling family of this family business group or not FO is measured by the sum of direct and indirect (pyramidal) ownership types	51 Taiwanese FBGs
Lin (2014)	Founder key-leader Founder- dominated decision team	Founder key-leader is measured by a dummy that is equal to one 1 the key leader is a founder and 0 otherwise Family dominated group-level decision team is measured as the percentage of the number of family members on the decision team.	173 Taiwanese BGs
Yamak, Ertuna, Levent & Bolak (2015)	Family ownership Family Chairman	FO is measured by percentage share of the individual family members, and the companies controlled by the family in the total ownership structure of the company Family chairman is measured by a dummy that takes the value of 1 if the chairman of the board is a family member of the local family business group, and 0 otherwise.	A panel data of 711 firm-year observations. Majority of the firms belong to Turkish FBGs.

*Table 1 includes only the empirical papers that have variables related with the family. The sample includes 6 other papers (case studies or conceptual papers) that have a family dimension.

family.

In some of the studies in Table 1, family-related variables are not used to hypothesize a relationship with internationalization, but to develop hypothesis on complementary perspectives used in the paper (e.g. Göksen & Üsdiken, 2001; Lee, Hoy, & Hoy, 2012). The limited number of empirical articles provides mix results about the family's influence on internationalization. A few studies found detrimental impact of concentrated family ownership (Bhaumik et al., 2010) and family domination in the group's decision team (Lin, 2014) on outward expansion. Some studies, on the other hand, found a positive influence of family management and pyramidal ownership (Chung, 2014), and presence of a founder-key leader (Lin, 2014) on internationalization. Family ownership was also found to positively moderate the relationship between R&D intensity and amount of foreign investment (Singh and Gaur, 2013).

Conceptual papers and case studies with a family dimension mostly attribute regional concentration of FBGs to family ownership and control. Trust and solidarity based on family and kinship ties act as social mechanisms of integration in the group through which affiliated firms benefit from favorable access to resources, protected from international competition or protect themselves from investment risks in internationalization process (Becker-Ritterspach & Bruche, 2012). However, FBGs remain regionally concentrated because i) entrepreneur's social capital is geographically more constrained than organizational social capital and FBG's social capital inheres in the entrepreneur, not in the organization (Carney, 2005a), ii) risk aversion and a desire among family management to retain close control constrain family firms' international opportunities (Carney & Dieleman, 2011), and iii) families tend to limit participation in the senior management team to a small number of trusted insiders, and are not inclined to recruit professional managers with detailed knowledge of international markets (Carney & Dieleman, 2011). On the other hand, when informal institutions such as familial networks act as substitutes for ineffective formal institutions in an emerging economy, they become critical in creating corporate governance mechanisms that attract foreign investment (Estrin & Prevezer, 2011).

Synthesis of the Literature

Figure 1 maps a model that synthesizes the previous literature and also proposes new dimensions and relationships that can be taken into consideration in future research. This section also provides guidelines regarding how the top management team of the affiliates and owner families can be incorporated to future studies in this area.

Potential antecedents of internationalization that have been taken into consideration for FBGs in the past studies can be categorized at three levels as institutional-, group- and firm-level. Both formal and informal institutions influence the extent and modes of internationalization. As the state remains to be a key actor in economies of emerging countries, changes in its policies significantly shape both the level and modes of internationalization. Although inward-oriented liberalization policies seem to intensify competition in the home market, they are also likely to be beneficial for FBGs since developed country-based MNCs choose them as partners in the IJVs they establish. FBGs also benefit more from outward-oriented liberalization policies as large enterprises with rich market and non-market resources as well as strong ties to the state. On the other hand, informal institutions such as familial and ethnic ties are also influential in mode and location choice such that FBGs prefer to invest in countries and establish partnerships in countries where they have informal ties. This, in turn, limits the geographical scope of FBGs internationalization.

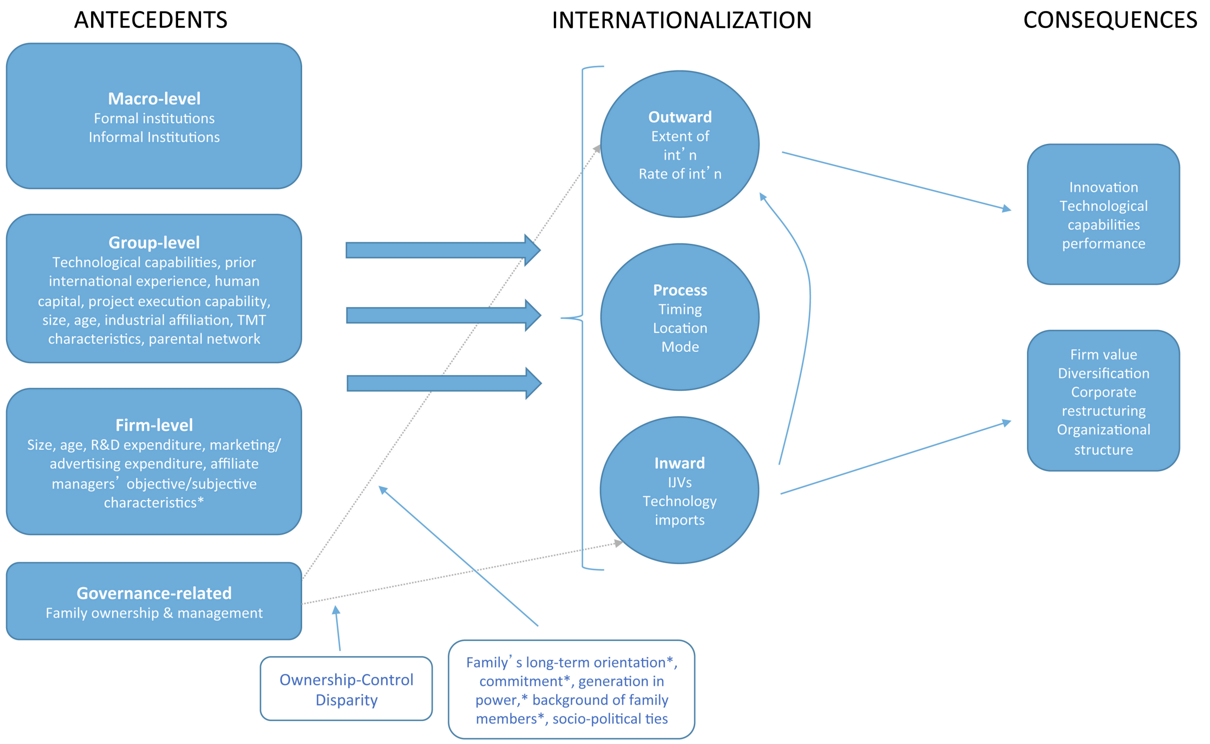
Group-level characteristics also influence the extent and patterns of internationalization for both the entire group and individual affiliates. Younger and larger groups that operate in more high-tech industries are more likely to internationalize. Different from stand-alone family firms, affiliates within an FBG learn from the accumulated experience, networks and resources of both the parent company and the sister affiliates. Previous choices made by sister affiliates regarding location and mode of investment are likely to affect subsequent decisions made by other affiliates within the same FBG. Expanding into the same country enables utilization of the reputation, knowledge, and network ties of the sister affiliate. Mode of entry choice, on the other hand, tends to diffuse across the FBG due both to mimetic tendencies and experience accumulated in the FBG regarding the difficulties and advantages of a particular mode throughout the process of implementation. However, affiliates benefit from group resources at varying degrees. Those affiliates that have a prominent position in the group as they are the core firm, the first firms around which group has grown over time, or the main firm in the flagship industry of the group are more likely to draw the necessary attention, resources and support for internationalization.

As is the case for mainstream internationalization literature, the technological and marketing capabilities of individual affiliates, their experience in certain locations and with certain modes of foreign market entry, size and age are potential antecedents of internationalization at firm-level. However, characteristics of affiliates' top management teams are neglected to a significant extent and how they can be integrated to the model will later be further discussed.

Governance-related characteristics of the FBGs influence both outward and inward internationalization. The impact of family ownership and management on the extent of outward internationalization is likely to depend on family characteristics because an important strategic decision such as internationalization is very likely to be made by the family and the inner circle insiders. Additionally, FBGs, as dominant economic actors in their countries with well-established reputation, as well as business and political ties, are likely to attract more foreign direct investment than stand-alone firms. However, the governance structure of the group and the affiliate may act as a moderating variable. Existence of severe ownership-control disparity has the potential to negatively influence the ability to attract foreign investors, especially those from contexts where such disparity does not exist.

Finally, as can be seen in the model, inward internationalization of an affiliate influences its strategy, organizational and governance structure and performance. It increases transparency and accountability, creates a tendency for higher performance and decreases unrelated diversification. It also fosters outward internationalization which, in turn, improves innovativeness and technological capabilities.

Figure 1: Synthesis Model of the Literature



Gaps in the Literature and Suggestions for Further Research

As can be seen in Table 2, although antecedents of internationalization have been intensely studied at the group-level, influence of family characteristics on internationalization is largely ignored. As it was discussed in the previous section, only a small percentage of articles in the sample include variables about the family and most of them are limited to ownership and control variables. However, an important strategic decision such as internationalization is very likely to be influenced by the characteristics of the family since it is the key decision-maker as the most important actor in the ownership and management of the group. Additionally, firm-level antecedents were also neglected in FBG internationalization literature although this, naturally, is the core of mainstream family business internationalization literature.

Further studies on FBGs' internationalization can incorporate objective and subjective characteristics of affiliate's top management team (e.g. education, international experience and orientation, propensity to take risks as well as commitment to internationalization) which are widely studied in international business literature (e.g. Leonidou, Katsikeas & Coudounaris, 2010; Wheeler, Ibeh & Dimitratos, 2008). Thus, the proposed model incorporates top management team characteristics of individual firms.

Families' longer-term horizon and commitment to the persistence and proliferation of their group are likely to have a positive impact on their willingness to make investment in foreign countries, leading to a positive relationship between family ownership and management on the one hand, and extent of outward internationalization on the other. Generation in power is also likely to be an influential characteristic for internationalization. International business literature points out that younger and more educated managers who have more international exposure have a greater tendency to be open to internationalization. Therefore, succession to younger generations who have been groomed to overtake management from the founding patriarch

Table 2: Mostly studied topics and gaps in the literature on internationalization of FBGs

Dimensions Themes and categories	Mostly studied topics	Gaps
Globalization of family business groups **- Antecedents** **- Processes** **- Consequences**	- Business group-level antecedents (e.g. size, age, technical capability, prior experience) - Effects of institutional change on internationalization - Extent and geographical scope of internationalization - Effects of internationalization on innovation and technological capabilities of FBGs	- Influence of family characteristics (e.g. human capital of the family members, generation in power) on internationalization -Influence of top management team characteristics of the individual affiliates on internationalization - Consequences of outward internationalization on issues such as structure, strategy (e.g. diversification strategy), and managerial practices
Corporate Governance and Internationalization **-Attracting foreign investors** **-Effects of foreign investors**	Corporate Governance and inward-internationalization - Effect of ownership-control disparity on attracting FDI - Effect of foreign ownership on some strategic decisions (e.g. divestment) and governance mechanisms	Corporate Governance and outward-internationalization -Decision-making process for outward internationalization: Strategic apex (inner circle dynamics, board of directors at the parent company)
Impact of the organizational form (FBG) on Internationalization	-Impact of tangible and intangible resource sharing between parent-affiliate and affiliate-affiliate on internationalization -Comparison of FBG affiliates with stand-alone (mostly family) firms	-Empirical studies comparing different country FBGs in terms of magnitude, geographical focus and sectoral composition of their outward FDI -Empirical studies comparing FBG affiliates and developed country MNE affiliates with respect to their internationalization strategies (e.g., entry mode selection, strategic alliance partner selection, ability to adapt to foreign markets) -Comparison of affiliates (with different characteristics) within the same FBG
Context	Korea India	-China -Russia -Israel
Type of research	Empirical	-Case study -Mixed method
Theories used	Management theories	-Constructs from Family business International business

is likely to enhance the extent of internationalization. The model proposes family characteristics as potential variables that moderate the relationship between governance-related characteristics and both extent and scope of internationalization.

Consequences of internationalization began to take attention only in the last years of the research period and are studied mostly with regard to innovation and technological capabilities. However, consequences of outward expansion on issues such as structure, managerial practices, and strategy (e.g. diversification strategy) of FBGs is largely missing. Expansion into foreign markets increases exposure to different structural models and managerial practices, of which parent companies become aware through the knowledge transfer from foreign subsidiaries. This in turn may influence the way of doing things in affiliated firms in the domestic market.

Intersection of literatures on corporate governance and internationalization of FBGs has a focus on inward internationalization and provides insights on the importance of corporate governance in attracting foreign investment. Conversely, literature on corporate governance of FBGs and outward internationalization is largely missing. Dynamics in the strategic apex of the FBG and decision-making processes among the small cadre of inner circle family/managers remain to be a gap as well.

Impact of parent-affiliate and affiliate-affiliate tangible and intangible resource sharing on internationalization and comparison of FBG affiliates with stand-alone (mostly family) firms have also been studied intensely. However, large-scale empirical studies comparing different country FBGs in terms of magnitude, geographical focus and sectoral composition of their FDI is missing. Another gap in this theme is the dearth of empirical studies comparing FBG affiliates and developed country MNE subsidiaries with respect to their internationalization strategies. Such studies may contribute to the discussions on the convergence/divergence of organizational forms on a global basis.

This literature survey also shows that internationalization of FBGs is analyzed in the context of a few countries. Literature needs to be broadened to include FBGs from newly industrializing and/or internationalizing countries since there may be precursors of new variants of multinational companies. For example, as their privatization process continues and percentage of family shares increases in their ownership structure, China is likely to provide an interesting setting for family business research. In order to broaden and deepen the understanding of FBG internationalization, there is need for more case-studies and studies using mixed-method design. Direct contact with the decision-makers would decrease the need to rely on archival data, which may not be complete and/or rigorous in developing countries. Finally, there is a need to go beyond the mainstream theories of management to include constructs developed by both family business and international business literatures.

Conclusion

This study enriches reviews on internationalization of family firms by focusing on FBGs, which differ from small- and medium-sized family firms. Building on past reviews (e.g. Casillas, & Moreno-Menendez, 2017; Pukall & Calabro, 2014), a content analysis was conducted along six dimensions; theme/category, findings/insights, research context, type of study, theory, and family dimension. The results of the content analysis revealed that FBG internationalization literature has both differences and commonalities with the literature on family business internationalization. While certain themes such as process of internationalization and impact of governance on internationalization are widely studied in both streams, research contexts and the theories used differ significantly. Moreover, the family dimension is largely missing in the FBG literature and this, in turn, creates a wide gap.

There are two main neglected issues, namely, the impact of family and affiliate management characteristics on internationalization. The significance of these characteristics is widely recognized in international business literature and they need to be integrated to the FBG internationalization literature as well. Impact of family on internationalization can be studied through socio-emotional wealth approach (SEW) and the RBV. SEW, which is based on behavioral agency theory, suggests that family firms do not opt for international diversification (Gomez-Mejia, Makri and Kintana, 2010) since families are unlikely to make strategic choices that will cause SEW losses (Berrone, Cruz, Gomez-Mejia, 2012). As international diversification requires external funding and involvement of external managerial talent expertise that may not be available among family members, it may lead to loss of family control. However, in the case of FBGs, which have already grown through unrelated diversification and yet still preserved the family dynasty through the parent company, pyramidal ownership, dynastic succession, interlocking directorates, and grooming the new generations for the family business, international diversification may not create high extents of loss aversion. On the other hand, from an RBV perspective, family is a source of human (e.g. education, international exposure) and organizational (e.g. internal and external social capital) resources. In countries where elite education and international business experience are scarce resources, younger generations of these family dynasties who are groomed for overtaking the business, are endowed with these resources. Additionally, in case of emerging economies, state-business relations, which can be pivotal for success, are usually carried out by the family members. On the other hand, contributions of non-family managers in the inner circle can be analyzed through a stewardship perspective. Professional managers with elite education and long tenure can join the inner circle if they display commitment to the family and act as stewards of the family's and group's well-being. Knowledge and experience of these managers can also be seen as valuable, rare, inimitable and non-substitutable resources, as is usually done in international business studies based on an RBV framework.

Finally, literature on internationalization of FBGs remains to be a promising research area which can benefit from family business and top management team literatures. On the other hand, research in this area can also contribute to a better understanding of family firms of different context and organizational forms.

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APPENDIX 1

THEME 1A / GLOBALIZATION OF FBGs – ANTECEDENTS					
Article	**Context**	**Type of study**	**Theory/Approach**	**Family dimension**	**Findings/insights related to internationalization**[1]
Kim & Lee (2001)	Korea	Case study	Learning propensity model	No	Despite their similar structures, FBGs from the same country (Daewoo and Hyundai) may choose very different internationalization strategies. This selection, in turn, may be influenced by their competitive advantages vis-à-vis each other.
Goksen & Usdiken (2001)	Turkey	Empirical	Institutional theory, Contingency theory	Yes	FBGs established in different institutional settings may pursue different internationalization strategies. While FBGs established before liberalization have more international joint ventures and higher export orientation, those established after liberalization have a greater tendency to be engaged in FDI.
Pananond (2007)	Thai multinationals	Case study	None	No	There was a shift in the dynamic of Thai multinationals international expansion after the Asian financial crisis. While pre-crisis expansion relied more on network capabilities, the post-crisis strategy placed more emphasis on industry-specific technological capabilities and transforming personalized networks to formal ties.
Siegel (2007)	Korea	Empirical	None	No	In Korea, ties through elite sociopolitical networks to the regime in power increased the rate of forming cross-border strategic alliances but being tied through elite sociopolitical networks to the political enemies of the regime in power significantly decreased that rate. Political network ties can be both assets and liabilities.
Winters (2007)	Korea	Empirical	None	No	There is not a single explanation for the persistence of outward FDI by Korean FBGs following the financial crisis. For the five biggest Korean FBGs, foreign investment was a way to compensate for declining sales at home whereas other firms used foreign investment to take advantage of production efficiencies.
Dieleman & Sachs (2008)	Indonesia	Case study	Institutional theory*	No	The extent to which companies create value through economies of connectedness depends on the institutional environment. In a weak institutional environment, economies of connectedness enhance diversification.
Rugman & Oh (2008)	Korean chaebols in their region	Empirical	OLI* Double diamond framework	No	Korean FBGs have home-region oriented advantages coming from business-government relations, knowledge-based capabilities and group benefits. They use firm-specific advantages to operate on a home-region basis like other MNEs.
Singh (2009)	India	Empirical	RBV	No	Domestic and export sales are interdependent. R&D expenditure and FBG affiliation positively and advertising expenditure negatively affect export sales.
Tan & Meyer (2010)	Taiwan	Empirical	RBV Institutional theory	No	International work experience of executives favors internationalization while international education does not. Domestic institutional resources distract from internationalization, presumably because they are not transferable into other institutional contexts and thus favor other types of growth.
Kumar et al. (2012)	India	Empirical	RBV, Transaction cost economics and Institutional theory	No	The inherent trade-off that exists between strategies of product diversification and international expansion holds for emerging market FBGs. Those FBGs that can effectively employ their learning from prior international exposure and their technical competences are better placed to simultaneously pursue both strategies.
Singh & Gaur (2013)	India	Empirical	Agency theory Institutional theory*	Yes	While family ownership and BG affiliation have positive impact on R&D intensity and new foreign investments, institutional ownership positively affects new foreign investments. R&D intensity interacts with family ownership, institutional ownership and BG affiliation in affecting new foreign investments.
Chen & Jaw (2014)	Taiwan	Empirical	Embededness and Social network perspectives	No	A stronger small world group structure positively relates to a group's core firm's degree of internationalization. A core firm located at a preferential structural position in a group may acquire idiosyncratic or complementary resources more efficiently than other affiliates can. BG diversification mediates the relationship between a

[1] Findings are reported on the basis of themes/categories. For conceptual papers and case studies insights of the study were reported.

					small world group structure and a group's degree of internationalization.
Chung (2014)	Taiwan	Empirical	Agency theory, RBV, Transaction cost theory	Yes	Both family management and higher degree of pyramidal ownership in the subsidiary of an FBG increases the likelihood that it will choose to engage in host regions rather than the regions the FBG originates from. Family management and pyramidal ownership are also positively related to the choice to engage in a higher difference region instead of a lower difference region.
Lin (2014)	Taiwan	Empirical	Dynamic managerial-capacities perspective	Yes	Presence of a founder-key leader and strong-tie group-level decision teams in a BG positively and family-dominated group-level decision teams negatively affect the internationalization of BGs.
Stucchi et al. (2015)	India	Empirical	Institutional theory	No	Both inward- and outward-oriented institutional change improve internationalization. Affiliation with a domestic FBG has a buffering effect during periods of institutional evolution only in cases of inward-oriented institutional change.
			THEME 1B / GLOBALIZATION OF FBGs - PROCESSES		
Guillen (2003)	Korean firms in China	Empirical	Staged expansion theory, Transaction cost theory and Institutional theory	No	Over time technology-intensive firms are more likely to abandon JV entry modes due to contractual hazards. Firms in the same BG imitate each others' choice of JVs and wholly-owned plants. Firms in the same industry mimic each others' choice of wholly-owned plants, though not of JVs.
Carney (2005)	China and ASEAN	Conceptual	Agency theory, Institutional theory	Yes	FBGs remain regionally concentrated and their new business ventures gravitate to locations (less developed states, characterized by institutional voids) where their attributes offer an advantage.
Chabane et al. (2006)	South Africa	Conceptual	None	No	Private investment and inward FDI have remained poor in the last decade in South Africa while outward FDI by South African conglomerates exceeded inward FDI in half of the last decade.
Chu (2009)	Comparison of Taiwan with Korea and China	Conceptual	Institutional theory	No	Taiwan's most successful second movers are brandless subcontractors because the government did not promote national champions from the early days of postwar development. The national system supports upgrading efforts along the subcontracting route, but offers few risk-sharing mechanisms to allow firms to pursue own-brand strategies.
Guillen & Garcia-Canal (2009)	emerging economies	Conceptual	RBV*	No	The new MNEs developed at a time of market globalization in which global reach and global scale are crucial. They are the result of both imitation of established MNEs from the rich countries and innovation in response to peculiar characteristics of emerging and developing countries. Established MNEs also adopted some of the behaviors of the new multinationals.
Carney & Dieleman (2011)	Indonesia	Case study	Institutional theory	Yes	Very few large Indonesian BGs can be characterized as MNEs; most either are active only in the domestic market or display limited internationalization. This apparent absence of Indonesian MNEs can be attributed to an accounting error, because firms' outward investment is under-reported in official statistics. However, it may also be a result of a combination of institutional and firm-level factors that avoid the internationalization of all but the largest firms.
Binda & Colli (2011)	Italy and Spain	Case study	None	Yes	Even though the home market remained very important, the level of internationalization of the BGs, most of which are FBGs, in both Italy and Spain grew. In both of the countries, the most diversified companies were also the most internationalized ones. Additionally, the more internationalized firms very often chose to adopt the holding or the multi-divisional structure.
Jean et al. (2011)	Taiwan	Empirical	Social network theory	No	Taiwanese BGs are more likely to invest in China when they have strong managerial ethnic ties. Ethnic ties of Taiwanese BGs do not help to improve firm performance in China. The impact of managerial ethnic ties decreases with the BGs' R&D capabilities.
Elango & Pattnaik (2011)	India	Empirical	Springboard perspective	No	Parent firms of FBGs deploy resources by member firms in markets where the extant experience can be leveraged, while at the same time diversify group's portfolio of investments across markets.
Park et al (2011a)	Korean MNCs in developed/ late-developing	Empirical	OLI paradigm and resource- and knowledge-based	No	Chaebol MNEs tend to prefer investment in developed countries while non-chaebol MNEs tended to prefer investment in LDCs. When a target

	markets		views		location has a high investment risk, chaebol MNEs are not motivated to invest forcefully in that region. Chaebol MNEs that entered into DCs earlier than LDCs prefer to exploit these knowledge assets in DCs while just the opposite is true for non-chaebol MNEs.
Park et al (2011b)	Korean chaebol in various international markets	Empirical	Resource-based view, Knowledge-based view	No	Korean latecomer chaebols in international markets have greater survival rates than pioneer chaebols do because latecomers have stronger resource commitments; and, nonetheless, if chaebol pioneers have greater competitive advantages than chaebol latecomers, the pioneers' subsidiaries have better survival rates than do those of latecomers
Stucchi (2012)	Indian firms in advanced markets	Theoretical model	Resource-based view, Institution-based view	Yes	There are four possible strategic aims for emerging market firms making cross-border acquisitions: to augment technological capabilities (upstream strategy), to augment marketing capabilities (downstream strategy), to augment both technological and marketing capabilities (augmenting strategy), or to augment neither technological nor marketing capabilities, but instead exploit the advantages already possessed (exploitative strategy).
Meyer & Thaijongrak (2013)	Thailand	Case study	Experiential learning	No	Although popular stages models derived from the internationalization process model (Uppsala model) are not helpful in explaining the evolution of emerging economy MNEs over time, the underlying process of experiential learning driving steps of increased commitment is an important element in understanding them.
Popli & Sinha (2014)	India	Empirical	Theory of first-mover-advantage, Springboard pers.	No	International embeddedness of FBG influences early movement in a cross-border acquisition wave in case of manufacturing firms but not in the case of service sector firms.
Gaur et al. (2014)	India	Empirical	Resource- and Institution-based views	No	Firms that are affiliated to an FBG, have more group-level international experience, have more technological and marketing resources, and operate in service industries are more likely to shift from exports to FDI. The positive effects of firm-level international experience and traditional resources are more positive for BG affiliates than independent companies. Firms are more likely to shift from exports to FDI if other affiliated firms of the same BG have engaged in FDI.
Liao (2015)	Taiwanese firms in China	Empirical	Institutional theory	No	Positive impact of BGs international experience in a less developed country is greater than that of a BG's international experience in a developed country
			THEME 1C/ GLOBALIZATION OF FBGs - CONSEQUENCES		
Mahmood and Zheng (2009)	Taiwan	Empirical	Institutional theory*	No	When intra-group network density (cross-shareholding, board interlocks, and buyer-supplier ties) is low, forming IJV has a strong negative effect on group innovativeness; the negative effect becomes weaker (or even turns positive) when the intragroup network density is high. Level of institutional development in a country reinforces the positive effects of IJV and weakens the negative effects of IJV on groups' innovativeness. As external institutions become more developed, ability to integrate group-wide pool of resources becomes less valuable.
Belenzon& Berkovitz (2010)	Europe	Empirical	Internal capital markets approach	Yes	BGs that concentrate their sales in only few countries are less innovative than groups that spread their sales across many countries.
Sahin (2011)	Turkey	Empirical	Institutional theory, Economic approaches	Yes	In Turkish FBGs, there is a positive association between inward internationalization through IJVs and the tendency to adopt the M-form. However, there is no relationship between outward internationalization (number of firms abroad) and adopting the M-form.
Lamin and Dunlap (2011)	India	Empirical	Institutional theory		In the case of foreign inter-organizational relationships, greater foreign client contact enhances the complexity of firm technological capabilities. However, accessing knowledge from domestic inter-organizational relationships appears to hinder the development of firm complex technological capabilities. Having greater access to knowledge from foreign intra-organizational relationships, embedded within foreign subsidiaries, does not lead to the development of complex firm technological capabilities.
Lee et al. (2012)	Malaysia	Empirical	Agency theory	Yes	International diversification has no significant

					impact on firm value of FBG affiliates and firms with other types of ownership.
Elango & Pattnaik (2013)	India	Empirical	RBV, Transaction cost, Competitive dynamics perspective	No	In industries characterized by high import competition, FBG affiliates (as well as stand-alone firms) with international operations tend to have higher performance.
Chittoor et al. (2015)	India	Empirical	Institutional theory	No	Technology imports (accumulative learning) have a stronger effect on inducing investments in innovation when the macro-institutional development is weak and for firms that are affiliated to BGs. However, product market internationalization (assimilative learning) plays a more important role in facilitating innovation efforts as the institutional environment becomes stronger and for independent firms that do not possess the network advantages inherent in BGs.
THEME 2A/ CORPORATE GOVERNANCE AND INTERNATIONALIZATION - EFFECTS OF CORPORATE GOVERNANCE IN ATTRACTING Foreign Investment					
Luo et al. (2009)	Taiwan	Empirical	Agency theory, National business systems, Institutional theory	Yes	Foreign firms rely on their distinct home-based CG models to select local partners in emerging economies. U.S. and Japanese firms react differently to the lack of separation between family ownership and control in affiliates of Taiwanese FBGs. The study supports the neo-institutional perspective of FDI by exploring how the ''taken for-granted'' institutional forces shape FDI behavior.
Bae & Goyal (2010)	Korea	Empirical	Agency theory*	No	Upon equity market liberalization, foreign ownership was relatively higher in independent firms that are not affiliated to chaebols, in firms with concentrated ownership, and in dividend paying firms. The study highlights the importance of firm-governance in explaining the within-country cross-firm variation in the benefits from stock market liberalization.
Estrin & Prevezer (2011)	BRIC countries	Conceptual	Institutional theory	Yes	The study brings to the forefront the analysis of informal institutions and how their interaction with particular formal institutions can have profound effects on governance, and performance, both in emerging economies receiving FDI from developed countries and in host countries receiving FDI from emerging economies
Kim et al. (2011)	Korea	Empirical	Agency theory*	No	The nature of CG in international investors' home countries affects their portfolio choice abroad. International investors from low ownership-control disparity countries disfavor high disparity stocks in chaebol-affiliated firms, but investors from high-disparity countries are indifferent. Investors from low disparity countries became averse to disparity only after the Asian financial crises.
Choi et al. (2014)	Korea	Empirical	Agency theory	No	Foreign shareholders invest less in chaebol-affiliated companies with high ownership-control disparity. Foreign industrial investors who seek private benefits of control from target firms, invest less in companies with high ownership-control disparity than do foreign financial investors who seek financial security benefits.
THEME 2B / CORPORATE GOVERNANCE AND INTERNATIONALIZATION - IMPACT OF FOREIGN INVESTORS					
Baek et al. (2004)	Korea	Empirical	Agency theory*	Yes	Firm-level differences in corporate governance measures (such as foreign ownership) play an important role in determining changes in firm value during the financial crisis in Korea. During the 1997 financial crises, firms with larger equity ownership by foreign investors, and those with access to alternative sources of external financing experienced a smaller drop in share value. In contrast, chaebol firms with concentrated ownership by owner-managers and by affiliated firms, and those with high ownership-control disparity had significantly lower returns.
Bae & Jeong (2007)	Korea	Empirical	Agency theory	No	The earnings and book value of chaebol-affiliated firms are less value-relevant than that of non-chaebol firms. Value-relevance is negatively affected by cross-equity ownership while it is positively affected by foreign equity ownership. Foreign ownership seems to play the important role of monitoring as it positively affects the quality of accounting measures provided by chaebol-affiliated firms.
Chung & Luo (2008)	Taiwan	Empirical	Institutional theory, agency theory	Yes	FBGs are less likely to divest of unrelated businesses. The involvement of foreign firms, especially those from shareholder-based countries, can accelerate group divestiture. Shareholder-

					based foreign investment increases divestment in local BGs more than stakeholder-based foreign investment does. Separating investment from shareholder- versus stakeholder-based home countries shows how the distinct home country CG models of foreign firms influence restructuring strategies in local firms differently.
Park & Kim (2008)	Korea	Empirical	Agency theory, institutional theory*	No	Institutional ownership and regulatory changes in CG significantly influenced Korean firms restructuring. Whereas foreign ownership is not related to a firm's decision on downsizing, it is negatively related to its decision on asset reduction.
Bhaumik et al. (2010)	India	Empirical	Institutional theory	Yes	Family firms may be suboptimal in a changing business environment in which OFDI is necessary for access to resources and markets. FBG affiliates are less likely to invest overseas. Strategic equity holding by foreign investors facilitates outward FDI.
Yildirim& Üsdiken (2010)	Turkey	Empirical	Contingency theory, institutional theory, power perspective	Yes	For FBG affiliates, partnering with a foreign company in the home market does not lead to professionalization of the board.
Ertuna & Yamak (2011)	Turkey	Empirical	Institutional theory, Transaction cost theory	No	Each configuration has its own ownership and control characteristics that arise from foreign investors' concern related to transaction cost and institutional perspectives. Among different levels of foreign equity involvement in Turkish FBGs, the shared equity (50-50) configuration is found to display a significantly superior performance by virtue of responding to behavioral and contextual uncertainties.
Kim (2011)	Korea	Empirical	Agency theory	No	Firms with high foreign ownership are less likely to avoid risk taking, which is associated with firm growth, implying that foreign investors perform a monitoring function in encouraging value-enhancing risk taking. Chaebol firms with high levels of foreign ownership are also more likely to avoid internal capital market financing.
George & Kabir (2012)	India	Empirical	None	No	Foreign corporate holdings in FBG firms serve to mitigate the negative influence of corporate diversification and even help in enhancing firm performance at higher levels of ownership.
Choi et al. (2013)	Korea	Empirical	Agency theory*	No	Monitoring effect was found for institutional investors, but not for foreign portfolio investors.
Chung & Luo (2013)	Taiwan	Empirical	Institutional theory	Yes	The performance premium of outside successors (as opposed to family and inside successors) is greater for firms with high levels of foreign institutional ownership than for firms with low levels of such ownership. The outsider premium is amplified in firms embedded in a mature market-based logic because the perceived legitimacy of outsiders facilitates resource acquisition.
Yamak et al. (2015)	Turkey	Empirical	Institutional theory, Power perspective, Agency theory*	Yes	Foreign equity partnership with a local FBG contributes positively to the performance of the affiliate. There is a positive relationship between performance and the presence of a family chairman. However, when foreign investors are involved, having a family chairman seems to affect performance negatively.
Cardenas (2015)	Latin America	Empirical	None	No	Corporate elites in Latin America are not interconnected. There are only a few transnational interlocks, a lack of cohesion in the transnational corporate network and no regional leaders.
THEME 3A / IMPACT OF FBG AFFILIATION ON INTERNATIONALIZATION					
Guillen (2002)	Chaebols in China	Emprical	Population ecology, Institutional theory	No	BG experience increases the rate of foreign expansion. Firms in the same chaebol seem to take each other's actions into account while entering a foreign country.
Mursitama (2006)	Indonesia	Emprical	Relational view	No	Exporting and importing activities might not provide unique resources or cannot generate valuable capabilities; BGs do not create relational rents for affiliated firms.
Castaneda (2007)	Mexico	Theoretical model	Agency	No	As BG structure guarantee the expected return, external investors lend money willingly, particularly to (booming) export-oriented affiliate firms that also offer network credit to affiliated firms in non-tradable sector. Export firms control opportunistic behavior of manager/owners in non-tradable affiliates, and hence the initial moral hazard problem is attenuated.
Elango & Pattnaik (2007)	India	Empirical	Uppsala & Network theory	No	Affiliated firms draw on the international experience of their parental networks to build

					capabilities to succeed in international markets. When parental networks themselves do not have the requisite international resources, foreign partnerships is used to tap sources of information and opportunities.
Lee & MacMillan (2008)	Korea	Empirical	Organizational learning	No	Across chaebol-affiliated companies, coordinative knowledge-sharing has a stronger impact on foreign subsidiary performance than procedural knowledge sharing does. In the case of headquarters-foreign subsidiary knowledge transfer, coordinative knowledge-sharing is positively associated with subsidiary performance, but procedural knowledge-sharing is negatively associated with subsidiary performance. Organizational ambidexterity in deploying both procedural and coordinative knowledge-sharing is positively related to subsidiary performance.
Lee & He (2009)	Korean chaebol in China	Case study	RBV	No	'Project execution capability' of FBGs has led to another strategic capability of 'vertical integration' (VI) among affiliates. Success of Samsung in China (compared with developed country MNCs) has to do with its group-style organization and VI, providing mutual support and jump start functions in an imperfect market like China. This case shows that BGs, rather than simply losing advantages with the maturing of market mechanisms, can upgrade capabilities.
Borda-Reyes (2012)	Latin America	Empirical	Institutional theory	No	BG diversification moderates the relationship between international scope and firm performance. However, the benefits of BG diversification are location bound within the region (Americas). Given the characteristics of the non-market resources possessed by diversified business groups, their importance varies depending upon the institutional context in which they are applied.
Becker-Ritterspach&Bruche (2012)	India	Case study	RBV, Institutional economics, Economic sociology, Political economy	Yes	FBG affiliation plays a key role in providing access to internal and external resources and capabilities in the creation of internationally exploitable assets. It also buffers the company from the risks that are involved in creating and exploiting assets through internationalization
Lamin (2013)	India	Empirical	Information economics, Economic sociology, Institutional economics	No	FBG affiliation allows firms to tap into the knowledge and connections of sister affiliates. This enables them to attract clients from more industries and foreign markets than can unaffiliated firms, and to attain higher international sales. BGs continue to provide benefits to their affiliated firms in deregulated, globally competitive industries. These benefits include information on market opportunities and "reputation signaling" to clients.
Gubbi et al. (2015)	India	Empirical	Institutional logics, Institutional theory	No	The constraining effects of FBG affiliation for international search behavior are observed only when institutional changes are specific to the affiliates' industry and not when broad institutional changes affect the BG as a whole. There is heterogeneity in the search behavior of group affiliated firms. The strength of an affiliate's position within a group and within its industry positively influences its international search behavior. Affiliates in older BGs, relatively younger affiliates, and affiliates in industries that are more distant from the founding affiliate's industry are more severely constrained by group membership.
THEME 3B / COMPARATIVE STUDIES ON FBG AFFILIATES					
Garg & Delios (2007)	India	Empirical	Institutional theory*	No	Exit rate of the subsidiaries of third world multinationals is greater when the subsidiary is located in a developed economy. Subsidiaries of FBG affiliated firms have lower exit rates than those of non-affiliated firms and this effect is most pronounced for subsidiaries established in a developing country. In developed countries, the advantages of FBG affiliation are less pronounced.
Sarkar & Sarkar (2008)	India	Empirical	Agency theory, Institutional theory*	No	BG affiliates have significantly higher foreign ownership in comparison to stand-alone firms. In high growth FBG firms, foreign ownership positively affects firm value.
Chittoor et al. (2009)	India	Empirical	None	No	Indian firms' access to international technological and financial resources enables product market internationalization. The impact is more pronounced for non-BG- affiliated firms than for firms affiliated with Indian business houses. FBG

					affiliated firms are less likely to embark on product market internationalization in response to institutional transformation than are their unaffiliated counterparts
Gaur & Kumar (2009)	India	Empirical	Institutional theory	No	Firm performance is positively related to the degree of internationalization, while affiliation to a business house reduces the positive effect of internationalization on firm performance.
Kim et al. (2010)	Korea	Empirical	Institutional theory	No	Emerging-economy firms face an international diversification discount – a negative relationship between international diversification and firm performance. BG affiliation has a moderating effect of on the relationship between international diversification and market-to-book value such that it is negative during the institutional frictions period, but becomes positive during the institutional convergence period in the later stage of institutional change.
Carney et al. (2011)	28 countries	Meta-analysis	None	No	BG affiliates tend to be more locally oriented than their stand-alone counterparts. Much of the performance discount BG affiliates incur is a result of their higher leverage, more diversification and greater local orientation.
Kim (2012)	Korea	Empirical	None	No	Over time (from 1990 to 2010), chaebol- affiliated firms become larger and more profitable, grow faster, have higher debt, and have more foreign ownership, all of which lead to a larger firm size. Chaebol firms also seem to avoid the entrenchment of owner-managers with a higher foreign ownership.
Singla & George (2013)	India	Empirical	General three-stage theory of multinationality-performance	No	FDI activity has a negative impact on the performance of Indian firms, as FDI is a recent phenomenon in India and the level of FDIs among Indian firms is too small to reap the benefits of scale and scope. BG affiliation positively moderates the negative relationship between FDI activity and firm performance.
Chari (2013)	India	Empirical	Linking, leveraging, and learning (LLL), Springboard perspective	No	Indian business house affiliates have greater amounts of FDI, and a greater likelihood of engaging in FDI than independent firms in both developing and advanced countries. Affiliation to a larger and less diversified BG is associated with greater amounts of FDI. The impact of BG affiliation is greater than the influence of R&D and marketing intensities highlighted in traditional FDI theory.
Perkins et al. (2014)	Brazil	Empirical and case study	Agency theory*, Institutional theory*	No	Joint ventures between pyramidal group member firms and partners from countries where pyramids are rare have significantly elevated failure rates, while joint ventures with partners from countries where pyramidal groups are ubiquitous are more likely to succeed.
Lee, H. et al. (2014)	Korea	Empirical	Trade-off theory, Pecking-order theory	No	When they make debt decisions, chaebol firms are significantly more concerned than are independent firms about differences in the corporate tax rate between foreign and domestic markets.
Lee et al. (2014a)	Korea	Empirical	Organizational learning theory, RBV	No	There are differences in patterns of innovative knowledge transfer strategies of globalized chaebol affiliates and these differences influence the performance of foreign subsidiaries.
Lee et al. (2014b)	Korea	Empirical	Network learning theory	No	Locally leveraged HR learning has a stronger relationship with the performance of sales subsidiaries, whereas globally linked HR learning has a stronger relationship with the performance of manufacturing subsidiaries. The interaction between globally linked and locally leveraged HR learning has a weaker positive relationship with the performance of foreign manufacturing subsidiaries than that of foreign sales subsidiaries.
Banerje et al. (2015)	India	Empirical	Organizational learning theory	No	Emerging-market firms that grow in developed markets overcome their lack of direct experience in such markets by learning indirectly through their interfirm networks (i.e. firms affiliated with the same FBG).

* No explicit reference is made to the theory.