

# Internationalization of Turkish business groups: motives and institutional context

Turkish  
business  
groups

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## Abstract

**Purpose** – This paper aims to investigate the internationalization motives behind location choice among emerging country business groups (EBGs) and the way in which institutional factors affect Türkiye's foreign direct investment (FDI).

**Design/methodology/approach** – This study develops a multi-perspective framework that integrates the ownership, location and internalization (OLI) paradigm (Dunning and Lundan, 2008) and the linkage, leverage and learning (LLL) model (Mathews, 2006) with neo-institutional theory to explain the internationalization of EBGs. It adopts a multiple-case study research method relying on 14 semi-structured interviews with top executives to explore the internationalization strategy of a set of Turkish BGs.

**Findings** – This study supports the combination of the OLI paradigm, the LLL model and neo-institutional theory to explain EBGs' internationalizing behaviors. Turkish BGs have adopted both asset exploitation and asset augmentation internationalization strategies. The institutional legitimacy mechanism moderates the internationalization motives of Turkish BGs, and their host country location choice and normative pressures are more salient than their regulative and cognitive pressures.

**Research limitations/implications** – This study is based on a sample of EBGs from Türkiye, and this restriction limits the generalizability/applicability of the findings to BGs globally.

**Originality/value** – Few studies have considered EBGs and their internationalization strategies in the international business field. This paper puts forward an integrated framework for analyzing internationalization and legitimacy in the institutional context of EBGs. This study highlights that BGs bridge institutional voids. Focusing on Turkish BGs helps to answer Granovetter's Coasian question and contributes to the understanding of emerging countries' economic development.

**Keywords** Internationalization motives, Business groups, Institutional environment, Content analysis, Türkiye

**Paper type** Research paper

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## 1. Introduction

Referring to collections of formally independent firms under single administrative and financial controls, business groups (BGs) are increasingly becoming critical players on the world stage, with the growing prevalence of their internationalization and global market penetration. BGs like Samsung, Huawei, Arçelik and Volkswagen have a unique organizational structure. They exist in most developed and emerging countries under different labels, such as *Chaebol* in South Korea, *Keiretsu* in Japan, *Grupos Economicos* in Latin America, *Jituanqiye* in Taiwan and  *Holding* in Türkiye (Granovetter, 1994; Gunduz and Tatoglu, 2003). Researchers have proposed different definitions of BGs depending on the country's legal origin and historical patterns (Dau et al., 2021). These definitions include “a collection of firms bound together in some formal and/or informal ways” (Granovetter, 1994, p. 429) and “a set of private sector firms under common control but with a different set of owners” (Dau et al., 2021, p. 165). Ultimately, BGs drive economic and societal changes and respond to institutional changes (Dau et al., 2021). They are particularly pivotal economic actors in emerging markets and play an instrumental role in the internationalization and international connectedness of their developing home countries (Gunduz and Tatoglu, 2003).

While emerging country business groups (EBGs) have become increasingly internationalized and instrumental players in the global economy, their internationalization has received less research attention despite their role in the world economy (Aguilera et al., 2020). The literature on EBGs has stressed an important gap regarding BGs' and EBGs' internationalization process (Holmes et al., 2018; Meyer and Peng, 2016). Whereas most international strategy researchers have focused on standalone firms, EBGs offer unique theoretical and practical implications for research on international strategy in emerging markets (Holmes et al., 2018).

Some international business (IB) scholars have focused on extending traditional theories (e.g. the ownership, location and internalization [OLI] paradigm) to explain the internationalization process of multinational enterprises from emerging countries (EC-MNEs) (Dunning and Lundan, 2008). Others have proposed new perspectives by focusing on latecomer firms among the EC-MNEs, such as the springboard perspective (Luo and Tung, 2018) and the linkage, leverage and learning (LLL) model (Mathews, 2006). That said, whereas the OLI paradigm accounts for strategic advantages based on asset exploitation motives, the LLL model explains the asset exploration motives of peripheral latecomer firms. As such, despite being useful theoretical lenses, the OLI paradigm and LLL model have not yet been sufficiently applied in the context of the internationalization motives of EBGs and the institutional context in which they are embedded. In particular, IB studies adopting the OLI paradigm and LLL model have, thus far, overlooked BGs, limiting their application to the understanding of EBGs' internationalization trajectories (Meyer and Peng, 2016).

When exploring the internationalization strategy of EBGs, the neo-institutional theory provides a suitable approach as institutional factors serve as a means of legitimization (Kang and Jiang, 2012; Kostova et al., 2008; York and Lenox, 2014). Neo-institutional theory analyses how shared norms and values cause institutional pressures to motivate a firm's internationalization strategy (DiMaggio and Powell, 1983). Thus, MNEs sometimes become isomorphic to their environment to ensure legitimacy even if they do not increase their effectiveness (Yiu and Makino, 2002).

With this research gap in mind, we investigated the following central research questions: (1) *Can the integration of the OLI paradigm and LLL model explain the motivations underlying the internationalization of EBGs?* (2) *How do institutional factors affect the EBG internationalization process in achieving legitimacy in various host markets?* To answer these questions, we developed a multi-perspective framework integrating the OLI paradigm and the LLL model (Dunning and Lundan, 2008; Mathews, 2006) with the neo-institutional theory, which has three legitimacy mechanisms: the regulative, normative and cognitive

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pillars (DiMaggio and Powell, 1983; Scott, 2001). We adopted a qualitative multiple-case study method to explore the internationalization strategy of Turkish BGs. We studied 11 Turkish BGs, such as the Koç Group's Beko/Arçelik brand, which provide a suitable context for this research because they have created an internal market for themselves with well-known brands, strong market capabilities and distribution networks as well as scale economies in Türkiye (Bonaglia *et al.*, 2007).

We make several contributions to the extant research. First, we contend that economic efficiency can provide only a partial explanation for the location choice of EBGs because they also require institutional legitimacy to survive and succeed in a challenging host country (York and Lenox, 2014). As such, drawing on the OLI paradigm and the LLL model, we find that, when internationalizing, EBGs exploit their existing resources and capabilities as an ownership advantage and gain and develop new resources and capabilities embedded in host country environments as an effective way to access the strategic resources that they lack. They also leverage network advantages, such as intra-group trade markets and inward-outward linkages that provide LLL advantages for EBGs driven by asset exploration motives. Second, we integrate the OLI paradigm and the LLL model when examining the internationalization process of EBGs vis-à-vis the institutional context because a single theoretical lens may be inadequate to explain the holistic set of motives that EBGs may nurture (Lu *et al.*, 2010; Yaprak and Karademir, 2010). We highlight that normative pressures are more salient in legitimizing and adapting to the institutional field than regulative and cognitive pressures, unlike the mainstream IB literature (Kostova *et al.*, 2008; York and Lenox, 2014).

## 2. Theoretical background

### 2.1 Internationalization motives and business groups

Most internationalization theories, especially those following the OLI paradigm, are based on the asset exploitation assumption. Nonetheless, some researchers (e.g. Mathews, 2006) have begun formulating alternative perspectives drawn from an asset exploration/augmentation assumption. According to one of these perspectives, the LLL model, EC-MNEs face new opportunities to link up with global players and adopt a rapid growth and unique asset augmentation strategy. The main argument of the LLL model is that EC-MNEs do not have valuable assets, so they cannot take advantage of the ownership advantage described in the OLI paradigm. According to the LLL model, joint ventures allow EC-MNEs to acquire the resources that they lack, and they can then use these links as leverage to gain a competitive advantage internationally (Mathews, 2006). The most significant difference between the LLL model and the OLI paradigm is that enterprises start foreign direct investments (FDIs) with the motive of asset exploration rather than asset exploitation (Makino *et al.*, 2002; Mathews, 2006). The OLI paradigm also assumes a gradual accumulation of advantages for international expansion, whereas the LLL model helps to explain the rapid, accelerated foreign expansion of EC-MNEs.

This study focuses on the internationalization of a new organizational form, BGs, in emerging countries. BGs are business networks that exhibit unrelated diversification under common ownership (Dau *et al.*, 2021). BGs pose fundamental challenges to the existing theories on MNEs and play a dominant role in the internationalization of many emerging countries. Their characteristics are explained by three extant theories. First, transaction cost economics conceptualizes BGs as responding to market imperfections and underdeveloped institutions (Khanna and Palepu, 2000). Second, network theory, rooted in economic sociology, explains how social and cultural structures produce different types of organizations (Granovetter, 1994). In this context, BGs have a high degree of power over affiliated firms, which show better performance than non-affiliated firms. The third approach

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is the resource-based view of the firm, according to which firms gain access to the necessary resources and face lower threats of entry from entrepreneurship and foreign firms (Hoskisson *et al.*, 2004). Because EC-MNEs are characterized by a shortage of raw materials and qualified personnel as well as poor access to the necessary technology inputs (Holmes *et al.*, 2018; Meyer and Peng, 2016), many firms are organized into large, diversified BGs to overcome these problems (Khanna and Palepu, 2000).

There is a need for more studies on BGs due to their global economic relevance (Aguilera *et al.*, 2020). Researchers focusing on the internationalization of BGs have integrated organizational and MNE theories, such as the resource-based and organizational learning theories (Hoskisson *et al.*, 2004), the strategy tripod (Lu *et al.*, 2010) and the theoretically integrated OLI paradigm and LLL model (Yaprak and Karademir, 2010). When these studies were evaluated overall, they appeared to be supported by secondary and mostly theoretical data. We argue that the OLI paradigm and the LLL model can be integrated for EBGs because they usually emerge as a substitute for market imperfections in their home country, constitute an institutional environment for generating OLI advantages and capitalize on LLL opportunities as an international diversification strategy.

### *2.2 Institutional context*

The mainstream theory on location issues identifies four primary motives for FDI, which include (1) asset exploitation (market seeking, natural resource seeking and efficiency-seeking) and (2) asset exploration (strategic asset seeking). Economic efficiency can only partially explain FDI location choice; MNEs also require institutional legitimacy to survive and succeed in a challenging foreign environment (York and Lenox, 2014). Dunning and Lundan (2008) noted a lack of institutional content in the OLI paradigm and incorporated institutional factors to extend it. Institutional and economic factors have important effects on the choice of location for EC-MNEs (Kang and Jiang, 2012). When examining the impact of the institutional environment, researchers have moved toward neo-institutional theory and tried to explain the institutional context in terms of organizational space, legitimization, isomorphism and institutional pressures (DiMaggio and Powell, 1983; Kostova *et al.*, 2008). Regulative, normative and cognitive pressures are the three pillars of the institutional environment and provide a basis for legitimacy (Scott, 2001).

The regulative pressure emphasizes conformity to the rules and provides legal requirements for organizational legitimacy (Scott, 2001). Host country regulative institutions, such as a stable economic policy, the security of property rights, ownership restrictions and a properly functioning bureaucracy, affect FDI inflows (Demirbag *et al.*, 2009). From this perspective, the decision on the location choice of MNEs is to invest in locations where the regulative requirements impose fewer constraints on FDI activity (Kang and Jiang, 2012). The political and economic instability, state intervention in the market and high perception of corruption in emerging countries generally affect the FDI inflows as the host market (Pournarakis and Varsakelis, 2004).

The normative dimension emphasizes the influence of social values and norms. When firms operate in foreign countries, they must establish social legitimacy in their new environment (Kostova *et al.*, 2008). Normative controls highlight a deeper moral base, and it could be more difficult to establish social legitimacy than regulative legitimacy (Scott, 2001). Cultural distance is identified as a huge barrier to MNEs in gaining normative legitimacy in host countries (Yiu and Makino, 2002). Therefore, cultural distance is used to understand the institutional environment for location choice. The linguistic distance is also used to understand the effect of normative legitimacy (Demirbag *et al.*, 2009).

The cognitive dimension emphasizes particular types of repeated practice, which become routine as a behavioral stereotype and are accepted as a cognitive structure because they are taken for granted (Scott, 2001). This behavior pattern is identified as mimetic isomorphism.

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Mimetic behavior helps organizations to provide cognitive legitimacy (DiMaggio and Powell, 1983). In the case of FDI location choice, if MNEs have intensive trade relations with firms in host countries, a good reputation for trading firms may have spillover effects on investing firms, thus facilitating cognitive legitimacy (Kang and Jiang, 2012). In the case of FDI from China, the empirical evidence demonstrates how mimetic entry within a reference group leads to the emergence of the bandwagon effect, a dominant strategy in China (Xia *et al.*, 2008). As advocated in recent studies, we developed an integrated framework incorporating the OLI paradigm, the LLL model and the three legitimization mechanisms in neo-institutional theory (DiMaggio and Powell, 1983), specifically regulative, normative and cognitive legitimacy, to explain how institutions affect FDI behavior from a managerial perspective.

### 3. Research methods

#### 3.1 Turkish business groups as a research context

BGs are a primary type of organization in many emerging countries (Dau *et al.*, 2021). The difficulty in defining BGs depends on the discussion about what exactly a firm is. Coase (1937) initially attempted to answer the question, “what is the nature of the firm?” Subsequently, Granovetter (1995) revised this Coasian question to “what is the nature of business groups?” Granovetter (1994) also highlighted how the state, banks, powerful families, cohesive ethnic groups and the moral economy might sustain BGs over time, whether they are economically successful or not. EBGs tend to have blurred boundaries permeated by personal connections, partial ownership and board interlocks. Some researchers have argued that the narrowly defined Coasian firm is a prominent feature only of modern societies, but most emerging countries have similar BGs (Granovetter, 1995). Therefore, focusing on Turkish BGs helps to answer Granovetter’s Coasian question and contributes to our understanding of emerging countries’ economic development. Turkish BGs can be characterized as multi-activity firms operating in a wide range of unrelated sectors, including family-owned firms and those managed through vertically centralized authority structures (Bugra, 2010). Turkish BGs provide a valuable setting for examining the effects of macro-level institutional changes on business firms and internationalization strategies. Türkiye’s post-liberalization experience, the prevalence of family ownership and the unrelated diversification strategies manifested by Turkish BGs justify our study setting (Dau *et al.*, 2021). Despite the substantial role of Turkish BGs, there is little understanding of their internationalization.

The ownership of Turkish BGs is highly concentrated, and families are the dominant shareholders. They were the outcome of a state-dependent economic development policy when the country had weak market institutions. Since the 1990s, Turkish BGs have been more heavily involved in internationalization with market liberalization. Although they could acquire or develop resources for an internally sustainable competitive advantage, they needed to acquire resources outside their domestic boundaries because the strategic factor markets in Türkiye are weaker than those in developed countries. BGs have early mover advantages and an edge in terms of foreign alliances, competitive market positioning and diversification. For example, *Koç Holding* has an early mover advantage and diversified product lines and has pursued an internationalization strategy globally. Turkish BGs play a significant role in Türkiye’s outward investment (Colpan and Hikino, 2008). Drawing on Granovetter’s Coasian extension, “why BGs exist,” we highlight that Turkish BGs play a dominant role in institutional and economic development that bridges the macro- and microeconomic levels by enabling internationalization and globalization in Türkiye.

#### 3.2 Research approach

Our study was designed to explore the internationalization of Turkish BGs. We conducted an exploratory qualitative multiple-case study (Yin, 2014). This approach allowed us to examine

a current and relevant phenomenon in the settings in which it occurs and to gain in-depth insights into top management decisions concerning the internationalization of EBGs. Multiple cases enable more holistic, comparative and robust findings than a single case (Creswell, 2014). This research method is suitable for situations in which (1) the research questions include how and why questions, (2) the researchers want to investigate how a conceptual phenomenon has occurred in a real-life context and (3) primary data obtained from the field are needed, and these points reflected the circumstances of this research.

In line with the core premise of our multiple-case study, we gathered in-depth qualitative data from 14 semi-structured interviews with 16 participants. Semi-structured interviews were chosen to obtain in-depth insights into the motives needing to be assessed for each subsidiary in the investment networks. Semi-structured interviews were subjected to content analysis as a data analysis technique, following the related literature (Gaur and Kumar, 2018; Weber, 1990). We adopted the content analysis technique because we wanted to leverage the availability of rich text-based qualitative data to reveal the presence, meanings and relationships of words, themes or concepts germane to the motives for internationalization among Turkish BGs vis-à-vis the Turkish institutional context. We used a combination of primary and secondary data sources, including company websites, annual reports and various publications, to triangulate the data. This section describes the four stages of content analysis in our study: data collection, data coding, data analysis and interpretation of the coded content (Gaur and Kumar, 2018).

### 3.3 Data collection and case descriptions

The first step in the multiple-case analysis was to search for BGs in Türkiye because the unit of analysis for our study is Turkish BGs. As there is no specific list of Turkish BGs (Colpan and Hikino, 2008), our study's sample came from the last annual review of the largest Turkish MNEs published by the Turkish Foreign Economic Relations Board. This report on the international operations of Turkish MNEs is published periodically and offers information about MNEs. The dataset includes 29 Turkish MNEs, 19 of which are structured as BGs. These 19 Turkish BGs have subsidiaries that are primarily located in Europe and Central Asia, followed by the Middle East and Africa, East and South Asia and the developed countries in the Asia-Pacific region. Regarding subsidiary investments, our sample did not include sales offices and offices in foreign markets. Another criterion was the proportion of equity shareholding. Affiliates with less than 10% ownership, also called portfolio investments, were not included in our subsidiary sample. Banks and other financial institutions affiliated with BGs were also omitted from the sample due to their different financial reporting standards. After these adjustments, the study considered 19 Turkish BGs affiliated with 430 subsidiaries.

Following the initial contact with the targeted BGs, 11 of them -*TAV Airports Holding Co., Zorlu Holding, Yıldız Holding, Sabancı Holding, Koç Holding, Eczacıbaşı Group, Çelebi Aviation Holding, Anadolu Group, Alarko Holding, Borusan Holding and Hayat Holding*- were willing to participate in our study. Although there is no ideal number of cases for a multiple-case study, it is generally proposed that between 4 and 10 cases can provide sufficient and convincing data (Yin, 2014). Therefore, the theoretical sampling was ideal, with 270 Turkish BG affiliates (subsidiaries) operating abroad. Our sample exhibited a satisfactory level of variations in terms of size, specific characteristics and extent of geographic diversification. They also shared some consistent similarities, for example, all the BGs being family owned. The inclusion of variations enabled us to make a meaningful cross-case analysis. Table 1 provides an overview of these 11 Turkish BGs and their international operations according to the profiles of our sample.

According to Weber (1990), if researchers do not have access to the whole population, they can choose the sources of information, define the type of project documents and select specific



Cases	Turkish-BG's international operations	Strategic paths	Years of international experience	Foreign sales %	International markets served
1. Çelebi aviation holding	The main sectors are general aviation, lounge, ground handling, cargo and warehouse, platinum and bridge operations. Çelebi Aviation began to be recognized in the international arena in 1984 with services to Lufthansa Airlines in Istanbul	Related-diversification	13	46	FDI in Hungary, India, Austria and Germany
2. Borusan holding	Borusan operates in the automotive, manufacturing, machinery and power systems, logistics and energy sectors. International partnerships of Borusan include ArcelorMittal, Salzgitter Mannesmann, Eaton, BMW AG, EnBW AG, Caterpillar, Mantsinen, Metso, Terex OandK, Atlas Copco, Agco, Hoist, Genie, Mecalac, CDE, Olympian, BESys, etc.	Unrelated-diversification	75	29	FDI in 12 countries, Exports to more than 20 countries
3. TAV airports holding	Established as a joint venture between the Tepe and Akfen groups, TAV Airports has become a global brand in airport operations. TAV Airports also operates in other areas of airport operations, such as food and beverage services, ground handling, duty-free, IT, security and operational services	Related-diversification	14	13	100 airports in 30 countries
4. Sabancı Holding	Sabancı follows an eclectic diversification strategy in banking, retail, financial services, energy, building materials, education and other sectors. Sabancı's global partnerships include Ageas, Aviva, E.ON, Heidelberg Cement, Bridgestone, Carrefour, Marubeni and Philip Morris	Unrelated-diversification	47	16	FDI in 12 countries, Exports to more than 60 countries
5. Eczacıbaşı holding	Eczacıbaşı started to internationalize its activities in the 1980s and had difficulties gaining a competitive advantage. At present, it pursues an active internationalization strategy	Unrelated-diversification	36	56	FDI in 18 countries, Exports to more than 120 countries

**Table 1.**  
(continued) The overview of cases

Cases	Turkish-BG's international operations	Strategic paths	Years of international experience	Foreign sales %	International markets served
6. Koç holding	Koç operates in the energy, automotive, consumer durables and finance sectors. Koç's important global partnerships include ABG Group, CNH Industrial, Fiat, Fuchs Petrolub AG, Kagome, Sumitomo, Kingfisher, Ford Motor, and LG Electronics	Unrelated-diversification	74	26	FDI in 34 countries, Exports to more than 145 countries
7. Hayat holding	Hayat operates in different areas, including FMCG, wood-based panels, port management, construction and packaging. Hayat, one of the leading enterprises in Türkiye, made its first international investment in 1987 with the export of detergents to Russia and Iraq	Unrelated-diversification	14	25	FDI in 14 countries, Exports to more than 100 countries
8. Yıldız holding	Yıldız's core business is food in the snack category, including biscuits, chocolate and cakes. Some of the international brands controlled by Yıldız are Pladis, Ülker, United Biscuits, Hi Food, Demet's Candy, Nuroll and Godiva. Yıldız has an organizational structure that covers all regions of the world	Unrelated-diversification	45	33	Production in 13 countries, Exports to more than 100 countries
9. Anadolu group	Anadolu Group has nearly 80 businesses in beer, soft drink, retail, automotive, stationery, quick service restaurants, agriculture, energy, real estate, tourism and social organizations. Anadolu Group's international partnerships include Anheuser-Busch InBev, The Coca-Cola Company, McDonald's, Faber-Castell, Isuzu, Kia and Honda	Unrelated-diversification	26	44	FDI in 19 countries, Exports to more than 80 countries
10. Zorlu holding	Zorlu operates in the textile, energy, consumer electronics, white goods and telecommunication sectors. Zorlu also has other subsidiaries in real estate, mining and metallurgy, finance, aviation and tourism	Unrelated-diversification	35	34	FDI in 17 countries, Exports to more than 150 countries

Table 1.

*(continued)*



Cases	Turkish-BG's international operations	Strategic paths	Years of international experience	Foreign sales %	International markets served
11. Alarko holding	Alarko operates in the energy, contracting, industry and trade, land development and tourism sectors on three continents, with more than 10 brands	Unrelated-diversification	35	17	FDI in Morocco, Kazakhstan, Cyprus, Russia, Spain, Ukraine

**Table 1.**

texts within these documents. These decisions depend on the purpose of the research, the methodological approach and the availability of information. The primary data source was face-to-face, semi-structured in-depth interviews with top management executives. The interview questions considered issues related to location strategies, motivation and institutional factors. At this stage, to evaluate the internationalization strategies of BGs' strategic decision-making, the interview method was preferred. However, each location in the foreign investment network should be evaluated at this stage. The interviews were coordinated by BGs, and the interviews were undertaken throughout 2018. The duration of the interviews varied from 2 to 3 h. [Table 2](#) provides information about the interviewees and interview questions.

After conducting a general evaluation of internationalization strategies with the managers, we requested permission to evaluate each location within the foreign investment networks affiliated with the Turkish BGs. We also collected data from the companies' websites, annual reports and various publications to triangulate the data, thus utilizing multiple sources to ensure evidence-enhanced validity ([Yin, 2014](#)) by offering multiple measures and providing a holistic approach. Qualitative research generally begins by building patterns, categories and themes from the bottom up. This inductive process involves working back and forth between the themes. Then, the researchers look back at their data from the themes to determine whether enough evidence supports each theme or whether they need to gather additional information deductively ([Creswell, 2014](#)). This study was mainly based on a theory-guided structure, constituting the deductive side of our research. Meanwhile, the process of developing categories and themes formed the inductive side of this research. Therefore, the deductive and inductive approaches were used together in this study.

### 3.4 Data coding and analysis

We adopted [Weber's \(1990\)](#) protocol to analyze the content of the semi-structured interviews. This qualitative data analysis approach is among the most referenced in the literature ([Gaur and Kumar, 2018](#)). Weber proposed eight stages to form, test and implement the text-coding scheme to overcome concerns about individual prejudice in content analysis. The development, refinement and implementation of the coding scheme are central to the quality of the textual analysis. Weber proposed various ways to establish validity and reliability and suggested that the reliability of coders could be measured in two stages ([Duriu et al., 2007](#)). Reliability is primarily achieved by using multiple coders, and their reliability is usually reported. Recently, computer-based coding systems have been used in intensive text analysis to save time and eliminate the problem of inter-coder reliability. We used multiple coders and computer-based coding systems to meet the need for reliability in the content analysis. We used Weber's protocol, and the stages are shown in [Table 3](#). The sub-themes and main themes were created through the coding procedure.

Business groups	Participants	Participant's position	Interview questions
1. Çelebi holding	Participant-1	Chief Financial Officer	<i>Interviewee background and professional experience</i>
2. Borusan holding	Participant-2	Strategy and Business Development Specialist	1. How long have you been working for this firm? Are you authorized to make an FDI decision? How do you participate in the decision-making process, and what is your impact?
3. TAV holding co	Participant-3	Project Development Manager	<i>Location</i>
4. Sabancı holding	Participant-4:	Business and Market Development Director (Kordsa Global)	2. How does your firm determine location preferences when making FDIs? Which regions do you invest in for FDI? How does the developed and emerging economy context affect your FDI decision-making?
	Participant-5	Strategy and Business Development Manager (Çimsa)	<i>Internationalization motives</i>
5. Eczacıbaşı holding	Participant-6	Head of Strategic Planning and Financing Group	3. What FDI motivation do you put at the head of your investments?
	Participant-7	Management Reporting and Risk Management Manager	-Alternative for Question 3: Which of the motivation sources –resource-seeking, efficiency-seeking, market-seeking and strategic asset-seeking– motivates your FDI? How do these motivations affect your location preference?
6. Koç holding	Participant-8	Strategic Planning Coordinator	4. Which of these motivation sources is your motivation when investing in developed and emerging countries?
	Participant-9	Risk Manager (Arçelik)	-Alternative for Question 4: How do you find the outward investment potential of an emerging country like Türkiye? Compared to other developing countries, where is Türkiye's position on FDI?
	Participant-10	Strategic Planning Manager	<i>Institutional context</i>
7. Hayat holding	Participant-11	Strategy and Business Development Director (Kastamonu Entegre)	5. What kind of strategy do you follow for foreignness in the host country when making an FDI decision? What do you think about the legitimization and regulative mechanisms (regulative, normative and cognitive) in the host country when making FDI decisions?
8. Yıldız holding	Participant-12	Global President (Mergers and Acquisitions)	-Alternative for Question 5: How do the host country's EU membership and intensive migration from Türkiye affect your FDI decisions?
9. Anadolu group	Participant-13	Business Development Director	-Alternative for Question 5: In some countries, especially in Europe, there is a large Turkish population due to migrant Turkish workers. How does this affect your choice of FDI?
	Participant-14	Business Development Manager	-Alternative for Question 5: How do cultural, linguistic, ethnic or religious factors between Türkiye and the host country affect your FDI decision? How does the geographical distance between Türkiye and the host country affect your decision to FDI? How do trade relations and legislative and political systems between Türkiye and the host county affect your FDI decision?
10. Zorlu holding	Participant-15	Head of Strategy and Business Development	
11. Alarko holding	Participant-16	Group Coordinator	

**Table 2.**  
Interviewee information and interview questions

Weber's protocol	Data coding
1. Defining record units	All the records related to the interviews were meticulously resolved. In the casting of the sound recordings, apart from the person making the casting, two researchers checked whether the sound recording was corrected. At this stage, interviews with the 11 Turkish-BGs were uploaded to the NVivo-12 software program
2. Definition of the coding categories	The interview casts loaded in the NVivo-12 software program were examined in detail, and codes were formed after the critical points were determined
3. Test of coding on a sample text	Two different coders performed separate coding for five Turkish-BGs in Excel sheets to test coding on a sample text. This process was completed in one week. The coding was made manually at this stage because of the small sample size
4. Assessment of the accuracy and reliability of the sample coding	After the coding was completed, the coders came together to compare the coding tables. After highly validated comparisons, the coders also reached a high level of agreement on the coding rules and re-considered several rules that could not be agreed upon. Inter-coder reliability is generally accepted as a standard correlation coefficient of 0.7 and above, Cohen's Kappa of 0.8 and above (Weber, 1990). The coding security of the coders was measured at two levels. For the reliability of the coding made at the business group level, measurements of five BGs were first made. Because of the measurement, it was determined that the coding had acceptable reliability (Kappa; 0.857), and the coding was continued
5. Revision of the coding rules	The coding rules were reviewed one more time, all affiliated subsidiaries were listed separately, and their location and motivation were identified. At this point, the most critical issue was that the coders could not agree on the motivation for the internationalization of the subsidiaries. However, the coders eventually agreed on the motivations based on the secondary data obtained from annual reports and the results of the interviews
6. Return to Step 3 until sufficient reliability is achieved	All sample texts were coded as agreed upon by the two coders, who also made entries to the coding fields that are opened separately for each Turkish-BG.
7. Coding of all of the text	The NVivo-12 program was used for determining coding and coding categories. Sub-categories and main categories in which the codes were gathered together and then identified
8. Assessment of the achieved reliability or accuracy	The coders, who came together, provided high validity and reliability to the texts. At this point, inter-coder reliability was measured. The reliability for the business group (Kappa: 0.823) and subsidiary level (Kappa: 0.859) was sufficient as Cohen's Kappa was above 0.8

**Table 3.**  
Data coding procedure

## 4. Findings

### 4.1 Sub-theme: integrated OLI and LLL model

Overall, our analysis revealed that the integration of the OLI paradigm and the LLL model is well suited to explain the internationalization motives of EBGs holistically. According to the integrated framework, the possible reasons for the international diversification of BGs include motives of both asset exploitation and asset exploration. However, asset exploitation is emphasized as though it were the opposite because asset exploration is related to the level of development of the host country (Makino *et al.*, 2002). We, therefore, classified the content analysis results into BG and subsidiary levels.

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The majority of the Turkish BGs (10 out of 11) –*Çelebi Aviation, Borusan, TAV Airports, Sabancı, Eczacıbaşı, Koç, Hayat, Anadolu Group, Zorlu* and *Alarko*– are driven to invest in emerging countries by asset exploitation motives. Some Turkish BGs (3 of 11) –*Yıldız, Eczacıbaşı* and *Koç*– with asset exploration motives are more likely to invest in developed countries. *Eczacıbaşı* and *Koç*, which are driven by both motives, have invested in both developed and emerging countries, while *Yıldız* has only an asset exploration motive to invest in developed countries.

As can be seen from the findings, *Koç* has created an internal market with its well-known brands, strong market capabilities, distribution channels and economies of scale. *Eczacıbaşı* has carried its power and expertise in the domestic market to emerging and developed countries. *Yıldız* provides an important example of an EBG with worldwide strategic acquisitions. *Zorlu*, with the *Vestel* brand, not only contributes to the national economy by keeping production in Türkiye but also has implemented a successful strategy for becoming a global brand. *Anadolu Group* and *Borusan* have made productive inward-oriented partnerships in Türkiye, and they have been very successful in moving abroad. *KordSa*, affiliated with *Sabancı*, has formed a partnership with *Dupont*. The acquisition of Dupont's shares has allowed *KordSa* to show how a joint venture transformed into a successful strategy from a strategic learning-based perspective. *Kastamonu Entegre*, affiliated with *Hayat*, has transformed its expertise in the wood sector into a successful internationalization strategy. Another important BG, *TAV Airports*, has successfully carried its strength and success to the international environment. *Çelebi Aviation* has also successfully transferred its success in airport service operations to the international arena through long-term contracts. The executives interviewed described their internationalization strategies as follows:

What is essential for us is to create or develop a market. We prefer to invest in emerging countries because they grow very fast. (Participant 3).

In fact, our strategy is to increase our market share in emerging countries. We provide optimization of three of the investment motives (market, resource, efficiency seeking). The three motives should be balanced. (Participant 8).

The key findings concerning the internationalization motives of Turkish BGs can be summarized as follows. They are, overall, driven by asset exploitation motives and are more likely to invest in emerging countries within their FDI. Turkish BGs act regionally rather than globally in the internationalization process because they focus on countries close to Türkiye, seeking markets in the Middle East, North Africa, Eastern Europe and other parts of Europe. Turkish BGs have, for example, often invested in Romania due to its EU membership and location in Europe.

As shown in [Table 4](#), Turkish BGs were evaluated at the subsidiary level, and the market-seeking motivation (driven by asset exploitation) emerged as the strongest motivation, with 133 subsidiaries. The BGs have invested in developed countries, pursuing a market-seeking motive with 52 subsidiaries. There may be several reasons behind Turkish BGs' preference for the market-seeking motive for FDI. One is that these firms are generally engaged in production in Türkiye and seek to support the sales and marketing of their products, as in the case of *Zorlu*. The company executives stated that they seek “the market” in their FDI:

Market-seeking motive is higher than the others. We are engaged in both market development and looking for a market. (Participant 5).

We have acted towards the use of asset exploitation in foreign investments. This also emphasizes market seeking. (Participant 6).

Market-seeking motives come to the fore as an exploitation motive for the FDI of Turkish BGs, while efficiency-seeking motives appear later. Turkish BGs have invested in emerging

Sub-theme: <i>integrated OLI and LLL model</i>		Developed countries		Emerging countries	
Internationalization motives (the subsidiary level)		BG's name	Number of subsidiaries	BG's name	Number of subsidiaries
Asset exploitation	<i>Market-seeking</i>	Koç	10	TAV	34
		Zorlu	10	Anadolu	21
		Sabancı	8	Eczacıbaşı	14
		Borusan	7	Koç	16
		Eczacıbaşı	7	Zorlu	13
		TAV	6	Borusan	12
	Çelebi	2	Alarko	9	
	Anadolu	1	Sabancı	8	
	Alarko	1	Çelebi	5	
			<i>Total: 52 (19%)</i>	Hayat	1
					<i>Total: 133 (49%)</i>
		<i>Natural resource-seeking</i>	Borusan	6	Zorlu
			<i>Total: 6 (2%)</i>	Hayat	10
				Anadolu	2
				<i>Total: 27 (10%)</i>	
	<i>Efficiency-seeking</i>	Anadolu	1	Eczacıbaşı	6
			<i>Total: 1 (0.4%)</i>	Koç	5
				Hayat	3
				Zorlu	2
				<i>Total: 16 (6%)</i>	
Asset exploration	<i>Strategic asset-seeking</i>	Eczacıbaşı	10	Koç	7
		Koç	8	Yıldız	2
		Yıldız	4	Zorlu	1
		Sabancı	1		
		Anadolu	1		
		Zorlu	1		
			<i>Total: 25 (9%)</i>		<i>Total: 10 (4%)</i>

Sub-theme: <i>Neo-institutional theory and legitimacy mechanism</i>			
Institutional context (the business-group level)			
		Number of quotes	Percent
Regulative	<i>Legal-political system</i>	8	73%
Normative	<i>Cultural distance</i>	11	100%
	<i>Geographical distance</i>	6	55%
	<i>Linguistic distance</i>	2	18%
	<i>Religious distance</i>	0	0%
Cognitive	<i>Trade relations</i>	5	46%
	<i>EU membership</i>	2	18%

**Table 4.**  
Internationalization motives and institutional context

countries through a resource-seeking motive with 27 subsidiaries and in developed countries with six subsidiaries. Only one of the BGs operates in an industry that requires a natural resource-seeking motive to enter foreign markets. According to the informants, the natural resource-seeking motive is highlighted as “It is critical to us [. . .] You will be close to the raw materials” (Participant 11). The efficiency-seeking motive is less frequent, with 16 subsidiaries in emerging countries and one in a developed country. Turkish BGs do not tend to adopt an efficiency-seeking motive to reduce their labor costs. The crucial factor is the sector of the subsidiary affiliated with the Turkish BGs. The executives interviewed described their internationalization motives as follows:

Efficiency seeking is not much, but (. . .) It can be said for our investments in Russia. (Participant 7).

Ownership and an institutional advantage thus provide an OLI advantage for Turkish BGs driven by asset exploitation motives, and they are more likely to invest in emerging countries than in developed countries. Turkish BGs driven by asset exploration motives are more likely to invest in developed countries. Although BGs have invested in developed countries following a strategic asset-seeking motive with 25 subsidiaries, they have also invested in emerging countries with 10 subsidiaries. However, very large acquisitions (e.g. *Yıldız's* acquisition of Godiva and United Biscuits and *Koç's* acquisition of Grundig) have occurred in developed countries. According to the informants, the strategic asset-seeking motive also emerged with the “acquisition of a strong brand, network, and distributor” as well as a “learning-based JV through the distribution network, brand, market knowledge, know-how, and acquisition of human resources.” The executives highlighted the strategic asset-seeking motive as follows:

Strategic asset seeking has come to our attention as a consideration, along with the acquisition or investment in successful companies in our sectors or industries. (Participant 6).

I prefer to say that we engage in strategic asset seeking. (. . .) The strategic asset is the brand. It is also a distribution network in some places. (Participant 11).

It appears that the asset exploitation motives are prominent, and the market-seeking (68%), resource-seeking (12%) and efficiency-seeking (6%) motives arise first. The strategic asset-seeking motive –asset exploration– accounts for 13% of subsidiaries. Therefore, the BGs have invested in both emerging and developed countries with both motives: asset exploration and asset exploitation. As suggested, Turkish BGs provide support that integrates the OLI paradigm and the LLL model in the emerging country context.

#### 4.2 Sub-theme: neo-institutional theory and legitimacy mechanism

The institutional environment is very influential in the revised OLI paradigm, and this effect is even more important in emerging countries (Dunning and Lundan, 2008). As noted earlier, the institutional environment has been defined as having *regulative*, *normative* and *cognitive* dimensions, and these three dimensions define the institutional legitimacy mechanism (DiMaggio and Powell, 1983; Scott, 2001).

As can be seen from Table 4, *the regulative institutions*, the country's legal–political system (73%), and the related risk perception appear to be essential factors. The executives highlighted the regulative institutional factors as follows:

We look at the macro-institutional context and political risk. I cannot say we do not invest in countries with political risk, but our growth expectation is high. (Participant 3).

The *normative institutional environment* for EBGs is a critical dimension for becoming legitimized and surviving in a foreign environment. The *normative institutions*, especially *cultural distance*, have a significant impact and were highlighted in all the interviews. Culture can be regarded as a substantial barrier hindering MNEs from gaining normative legitimacy in the host countries. The lower the cultural distance between the home and the host country, the more easily MNEs gain normative legitimacy in the host country. Similarly, the other crucial institutional factor is the *geographic distance* (55%), which is essential for managing FDIs. *Linguistic distance* (18%) is another critical factor for FDIs and can be considered to understand the effect of normative legitimacy in addition to cultural distance. Even so, the Turkish BGs emphasized that the religious distance between Türkiye and host countries is ineffectual in FDI decisions. The executives highlighted the normative institutional factors as follows:

Cultural proximity is also a plus for us. (Participant 3).

We have invested in countries close to Türkiye . . . (Participant 6).

Language is ineffectual at the primary level because English is a common language. (. . .) When we look at today, half of our employees are Christian. (Participant 1).

The *cognitive institutions, trade relations* between Türkiye and the host country (46%), and *EU membership* of the host country (18%) provide support regarding the cognitive dimension of the institutional environment for EBGs. For example, Turkish BGs mostly make outward investments in geographically close regions. This situation also manifests at the cognitive level in the option of being a member of the EU (a dimension of the cognitive environment). The executives highlighted the institutional factors as follows:

Bilateral trade and EU membership are more important than language and culture. Not only the agreements between us and the countries we are going to invest in but also the agreements with other countries we are not going to invest in can be important. (Participant 12).

EU membership is essential for us because we are making long-term contracts (. . .), and we think it would be easier to seek our rights there. (Participant 6).

In Table 4, the *cultural distance, trade relations* between Türkiye and the host country, *geographical distance* and *legal-political system* come to the fore. As a result, according to their degree of importance, the dimensions of the institutional environment can be ranked as normative, regulative and cognitive, but their effects are not mutually exclusive. Thus, macro-institutional environments do not directly influence the FDI decisions of Turkish BGs: they moderate them. For example, culture may be regarded as a facilitator.

#### 4.3 Main theme: integrated OLI, LLL and neo-institutional theory and the legitimacy mechanism

Our research reveals that EC-MNEs act differently from traditional MNE theories based on asset exploitation assumptions. As such, modifying the traditional OLI paradigm and developing alternative theories for EC-MNEs provide a better explanatory framework for addressing EBGs as a dominant organizational form, especially in emerging countries. Turkish BGs, like EBGs, emerged as a substitute for market imperfection in the home country and constitute a micro-institutional environment for generating OLI advantages and LLL opportunities for internationalization. They have thus facilitated both asset exploitation and asset augmentation internationalization strategies. We also highlight that the internationalization of EC-MNEs, such as Turkish BGs, does not require refutation of traditional FDI theories, and we extend the unique institutional context of the emerging countries evaluated into an internationalization framework in line with the institutional context (Hoskisson *et al.*, 2004; Yaprak and Karademir, 2010).

Thus, we propose a multi-perspective framework integrating the OLI paradigm and the LLL model (Dunning and Lundan, 2008; Mathews, 2006) with the neo-institutional theory, which has three legitimacy mechanisms (DiMaggio and Powell, 1983). The neo-institutional theory provides a suitable approach that explains legitimization mechanisms within different institutional strands (Kang and Jiang, 2012). However, MNEs are faced with multiple, fragile, intertwined and often conflicting environments. Kostova *et al.* (2008) highlighted that it is not possible to apply the notion of the organizational field to MNEs, as stated in neo-institutional theory. BGs, the dominant organizational form in the institutional field of emerging countries, encounter similar challenges to legitimacy. Although the pressure from the host countries is not direct pressure on local practices, the expectation of harmonization is more focused on regulative and legal elements. Unlike the mainstream IB literature (Kostova *et al.*, 2008; York and Lenox, 2014), we considered EBGs and found that normative pressures are more salient in legitimizing and adapting to the institutional field than regulative and cognitive pressures. This may be a way of reducing the political risk that comes to the fore in regulative pressures.

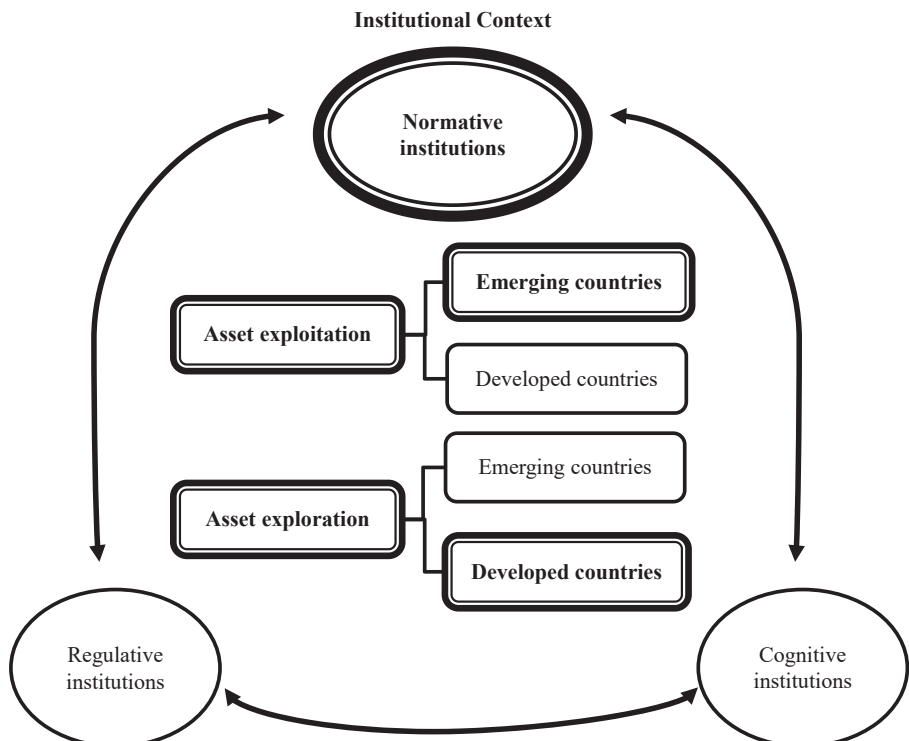


As can be seen from [Figure 1](#), we, therefore, propose the following: (1) *Home country and institutional advantages, such as internal capital, the labor market, and institutional support, provide OLI advantages for EBGs driven by asset exploitation motives, which are more likely to invest in emerging countries than in developed countries with affiliated firms*; (2) *network advantages such as intra-group trade markets and inward-outward linkages provide LLL advantages for EBGs driven by asset exploration motives, which are more likely to invest in developed countries than in emerging countries with affiliated firms*; and (3) *the institutional legitimacy mechanism (i.e. regulative, normative, and cognitive) moderates the internationalization motives of EBGs and their host country location choice such that (4) normative pressures are more salient in signaling legitimacy to host countries than regulative and cognitive pressures*.

## 5. Discussion and implications

### 5.1 Theoretical implications

This study contributes theoretically to the research on the internationalization of EBGs in several ways. First, it provides theoretical support for and contributes to the effort to combine the OLI paradigm and the LLL model in relation to the internationalization of EBGs ([Luo and Tung, 2018](#); [Thite et al., 2016](#)). In recent years, some researchers have had difficulty explaining FDI from emerging countries with mainstream theories such as the OLI paradigm, while others have tried to explain it through the LLL model ([Bonaglia et al., 2007](#); [Mathews, 2006](#)). Many researchers have sought to explain the similarities and differences as



**Figure 1.**  
Integrated framework  
for EBGs

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complementing each other rather than comparing the two models for EC-MNEs (Luo and Tung, 2018; Thite *et al.*, 2016). This discussion disregarded the characteristics of Turkish BGs. The first theoretical contribution of our study is thus to integrate different models that have thus far been competing, especially at the BG level. Second, we integrated the OLI paradigm and the LLL model (Dunning and Lundan, 2008; Mathews, 2006) with the neo-institutional theory, which has three legitimacy mechanisms (DiMaggio and Powell, 1983) for EBGs. Accordingly, we revealed the impact of the institutional context on internationalization strategies, which should not be overlooked in emerging countries.

Thirdly, we found that the Turkish BGs invested abroad by turning their position in the domestic market to support asset exploitation. Turkish BGs were more likely to invest in fewer developed countries for asset exploitation reasons; however, they made significant investments in developed countries, especially in the European Union, with higher income groups. Turkish BGs invested 49% in high-income, 31% in middle-high income and 20% in middle-low-income groups, and there was no investment in the low-income group in our sample. Turkish BGs were more likely to invest in developed countries through acquisitions to gain research assets. Thus, further exploration of the internationalization of EBGs is necessary in terms of the strategies implemented in the field because the gap between FDI from developed countries and that from emerging countries seems to be closing.

Another issue addressed in the present study is the fact that past research has mainly focused on family-owned BGs in India and Mexico (e.g. Xignus, Group Alfa and Tata) (Thite *et al.*, 2016). BGs' internationalization is complex because of agency incentives at the group level and difficulties in monitoring, coordinating and controlling affiliates' activities. The presence of dominant family ownership affects the performance of the international expansion of BGs (Dau *et al.*, 2021). In this study, we revealed that the dominance of the family ownership of BGs enhanced the international expansion of groups toward emerging countries.

Some studies have provided evidence about the effect of family involvement—"ability and willingness"—on the internationalization process (Karaevli and Yurtoglu, 2021). However, others have argued that it constrains internationalization (Ramón-Llorens *et al.*, 2017). Many large BGs also have political and economic implications. Concerning Turkish BGs, economic power has been concentrated in the elite control of the apex firms (Dau *et al.*, 2021). Hence, our study provides an insight into the internationalization and globalization of emerging countries and addresses why BGs exist across countries globally.

The conflicting findings related to the macro-institutional context in the literature may be because these data were mostly obtained from secondary sources. The location choice of MNEs has generally been explained using economic and institutional indicators at the country level. These variables have also been obtained as secondary data in the literature (Demirbag *et al.*, 2009), but finding primary data for institutional indicators is often infeasible. Considering these criticisms, we evaluated institutional environments from the perspective of the managers, which serves as another contribution to this study.

### 5.2 Managerial implications

BGs play an essential role in emerging countries by filling institutional gaps and creating internal capital, labor and product markets (Khanna and Palepu, 2000). The institutional environment in emerging countries is constantly changing, creating a rich context for developing IB theories that consider such turbulent conditions, especially for EBGs. Implementing a successful inward-outward linkage strategy supports new versions of both the LLL model and the springboard theory at the international level (Mathews, 2017). Our research indicates that BG executives could and should seek strategic balancing of both exploitative (e.g. market and efficiency-seeking) and explorative (e.g. strategic learning)

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approaches to internationalization. Our study sheds light on the strategic alignment of EBGs across global markets.

For example, throughout the first half of the twentieth century, Japan – then at roughly the same level of development as Türkiye – achieved its subsequent economic development with BGs. Similarly, South Korea gained its “East Asian Miracle” status through BGs (Holmes *et al.*, 2018; Thite *et al.*, 2016). The *Beko/Arçelik* brand of *Koç Holding* is an example in the white-goods sector in Türkiye (Bonaglia *et al.*, 2007). *Koç Holding* created an internal market with its well-known brands, strong market capabilities, distribution channels and economies of scale. *Yıldız Holding* is another crucial example of an EBG with worldwide strategic acquisitions. *Anadolu Group* and *Borusan Holding* have made fruitful inward-oriented partnerships in Türkiye, and they have been very successful in moving abroad. Considering these cases, our study contributes to the understanding of strategic alignment among EBGs and highlights the potential implications of EBGs’ international expansion for practice and policy in the local context.

We also found that Turkish BGs transfer resources and information to the international arena and create a leverage effect through learning in international competition. This successful strategy has an important impact on development and employment in Türkiye. The success of Turkish BGs also depends on their strength in the country. Therefore, a more conscious approach to the relevant national policies should be implemented for the continued success of Turkish BGs in the world of FDI, and their successful strategies can guide EBGs. Likewise, greater managerial attention should be paid to leveraging network advantages, such as intra-group trade markets and inward–outward linkages, as EBGs expand into foreign markets.

### 5.3 Limitations and future research

This study uses a multiple-case approach to the internationalization of Turkish BGs. Our findings should be considered exploratory as they are based on a limited number of EBGs from a single emerging country. Future studies could employ qualitative and quantitative research methods in different research settings to obtain more generalizable findings. For our purposes, content analysis was an appropriate method; however, future studies could use different qualitative/quantitative analyses, reviews and meta-analyses to evaluate IB theories for EBGs.

Future research should examine learning-based internationalization strategies from a dynamic capabilities view. *Inward–outward linkages*, which are defined in the revision of the LLL model, can be treated in future studies as a fundamental approach for examining the internationalization strategy of BGs (Mathews, 2017). This relationship can also be used in combination with the *springboard approach*. Another important research topic is to determine which motivations and entry mode choices are selected for investing in developed and emerging countries in different contexts and for different EBGs. While BGs are common in both developed and emerging countries, are there any differences between their internationalization strategies, and, if any, what are the reasons? The relationship between internationalization motives, decision-making mechanisms and boards of directors is a critical issue to investigate in family-owned EBGs. Institutional environment variables, despite their limitations, are still obtained as secondary data at the macro level, so approaches that explain the institutional environment at the meso level are needed. The relationship between institutional environment variables and foreignness has become an important research topic. Emerging countries and the use of different theories for this context will continue to be an important field of study, particularly as EBGs gain more importance in the global presence of emerging countries.

## 6. Conclusion

Our study makes an important contribution to the development of a multi-perspective framework integrating the OLI paradigm and the LLL model (Dunning and Lundan, 2008;

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Mathews, 2006) and neo-institutional theory (DiMaggio and Powell, 1983; Scott, 2001) to investigate the internationalization of EBGs. Two important theoretical implications can be drawn from our findings. First, as outlined by the OLI paradigm, EBGs are noted to be driven by market-seeking and efficiency-seeking motives when they invest in emerging countries. However, natural resource-seeking motives are related not to the level of development of the host country but rather to the country's resources, such as natural resources and forests. These findings support prior studies in the emerging country context (Makino *et al.*, 2002; Thite *et al.*, 2016). Turkish BGs are more likely to invest in developed countries with strategic asset-seeking motives. Notably, in the developed country context, strategic asset-seeking motives emerged, such as *acquiring networks, distribution channels, brands, market knowledge, know-how, human resources and strategic learning through JVs*. EC-MNEs show a similar internationalization strategy based on strategic asset-seeking motives (Luo and Tung, 2018; Thite *et al.*, 2016). As can be seen, while home country and institutional factors provide OLI advantages, network linkages provide LLL advantages for Turkish BGs. Second, this study provides an in-depth analysis of neo-institutional theory and its legitimacy mechanism from the perspective of managers in the field. For EBGs, we revealed that normative pressures are more salient in legitimizing host countries than regulative and cognitive pressures.

In addition, focusing on BGs helps to clarify a Coasian extension on emerging countries' economic development because BGs bridge institutional voids that raise market transaction costs (Dau *et al.*, 2021). In the IB literature, a limited number of studies have provided rich data on BGs obtained from the field (Aguilera *et al.*, 2020). However, we highlighted the presence of dominant family ownership of BGs' and their *willingness* to engage in the internationalization expansion of groups toward emerging countries. Our research brings the theories of EC-MNEs to those organizational forms that pose fundamental challenges to the existing theories on MNEs.

We also made some suggestions for managers regarding practical implications in addition to theoretical implications. We provided some recommendations for EBG executives on gaining new resources and capabilities. Our study highlighted the ability to assimilate external knowledge, which is critical for the learning perspective and absorptive capacity (Hoskisson *et al.*, 2004). Thus, in exploration or learning contexts, EBGs follow a strategy to acquire these capabilities through acquisitions or partnerships in developed countries. MNEs should not ignore the institutional context and legitimacy mechanisms. Culture should be regarded as a dominant institutional factor in emerging country contexts, but the three mechanisms are not mutually exclusive. Our integrated framework for EBGs sheds light on the practice, and managers should be careful about the internationalization context. Further understanding of the internationalization process and BGs is critical and timely.

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