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Business groups and internationalization: Effective identification and future agenda

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ABSTRACT

In this essay, we systematically review research at the intersection of internationalization and business groups by conducting a content analysis from articles in top international business journals. We uncover that there is a strong focus on the effect of business group affiliation on internationalization, yet less attention is given to the internationalization strategies of business groups. Moreover, the literature on business groups and internationalization is mostly anchored in large business groups from emerging economies. We contribute to expand business group research across countries by proposing an algorithm to identify hierarchical business groups based on shareholdings and directorship interlocks. We conclude with suggestions for future research.

1. Introduction

What are the similarities among Samsung, Huawei, Petrobras, Volkswagen and Inditex? These well-known global brands belong to the broadly defined organizational structure of international business groups. Since the original conceptualization of economic groups by Leff (1978), there is some agreement on the definition of 'business group' as a set of legally independent firms joined by formal ties – such as ownership or interlocking directorates – and informal ties – such as family, kinship, friendship, religion or language – that engage in operational links and share group resources (Mahmood, Zhu, & Zaheer, 2017), both within and across national borders (Granovetter, 2005; Guillén, 2000; Khanna & Rivkin, 2001).

In spite of this broadly accepted conceptual definition, the heterogeneous and extensive literature on business groups from different academic disciplines introduces two critical drawbacks to empirically advance what a business group is and to explore how business groups internationalize. First, the fragmentation of business groups research (Yiu, Lu, Bruton, & Hoskisson, 2007), propelled by a heterogeneity of approaches, hampers the establishment of an agreed state of the art (Barbero & Puig, 2016). Business groups have been studied from different conceptual approaches, such as institutional voids, transaction cost or agency theories (Colpan, Hikino, & Lincoln, 2010; Holmes, Hoskisson, Kim, Wan, & Holcomb, 2018). Second, the diversity of business groups accompanied by their multitude labels around the globe (Collin, 1998) make it difficult to generalize their structure. They are prevalent in the emerging countries of Asia, Latin America and Africa, as well as in the developed nations of Europe, Asia and North America, where business groups have received different labels contingent on the boundaries of their borders. Different labels of business groups include: Japanese *keiretsu* (Aoki, 1990; Gerlach, 1992), South Korean *chaebol* (Almeida, Park, Subrahmanyam, & Wolfenzon, 2011; Chang, 2003; Guillén, 2000), Chinese *qiye jituans* (Keister, 1998), Indian business houses (Chittoor, Kale, & Puranam, 2015; Manikandan & Ramachandran, 2015), Latin American and Spanish *grupos* (Guillén, 2000), Taiwan´s *guanxiqiye* (Chung & Luo, 2008), and so on, constituting a symbol of their countries' business systems (Carney, Gedajlovic, Heugens, van Essen, & van Oosterhout, 2011).

Research on internationalization of business groups is a topic that has received less attention than their economic relevance in the world. However, there is increasing social focus in the convergence of these two fields of research, internationalization and business groups, which have previously been siloed from each other (e.g., Mukherjee, Makarius, & Stevens, 2018). Therefore, in this essay, we discuss the existing literature on this important International Business (IB) topic: internationalization of business groups, we propose a technique on how to identify business groups from large company datasets, and suggest areas of future research.

Through content analysis, we systematically review 83 business groups and internationalization-based articles published in 20 IB

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journals over the time period from 1996 to the first quarter of 2019. We uncover that in a vast majority of articles business groups play a secondary role, as an organizational factor that influences the internationalization strategies of member firms. However, little attention has been paid to the internationalization of business groups. Furthermore, from a methodological point of view, many of these articles draw on available "independent sources" (datasets) where business groups have been previously identified in the context of one given country (Masulis, Pham, & Zein, 2011: p. 3564). Consequently, research results would improve with new techniques to empirically identify business groups from raw databases across countries. These techniques would facilitate future research on business groups not identified by "independent sources" (e.g., small business groups).

Interestingly, while IB research has put considerable effort in identifying internationalization (Sullivan, 1994), this has not occurred when exploring business groups. Our review also joins Holmes et al.'s (2018) who lament the scarcity of business groups research across countries and instead focuses on single country studies. They assert that the challenges to conceptualize business groups are attributed to differences among factor markets and institutions across countries, as well as cross-country cultural variations and the range of different business group attributes worldwide. Thus, we propose an empirical approach applicable to currently available datasets that will help to identify worldwide business groups' structures.

The contribution of this review article is threefold. First, we take stock of research at the intersection between business groups' literature and internationalization strategies, by conducting a content analysis. Additionally, through a citation analysis, we highlight the contributions of articles that have been driving the research in the field. This exercise allows us to also share the existing conceptual definitions of "business groups." Second, inspired by the existing definitions, we propose an algorithmic approach to empirically identify hierarchical business groups across countries with currently available large datasets. Third, we suggest fruitful avenues for future research to understand the role of business groups as relevant players in the international arena.

2. Literature review using content analysis

To take stock of the literature on internationalization and business groups, we conduct a content analysis (following Gaur & Kumar, 2018; Krippendorf, 2004; Neuendorf, 2016; Weber, 1990) to approach this exercise systematically. This section describes the three first stages of content analysis in our review: data collection, data coding, and analysis. The last and fourth stage –interpretation of coded content- appears in the following section, due to its extension and relevance for the literature review insights.

2.1. Data collection

The first step in our content analysis was to search for articles on business groups' research published from 1996 up to the first quarter of 2019. We began with 1996 because, prior to this date, we did not find articles related to business groups and internationalization in the set of journals being considered. We started our data collection by including the 22 journals comprised in the 2016 *Financial Times Research Rank*, similar to the selection criteria by Holmes et al. (2018). Moreover, as we focus on international research, we added seven leading journals not included in the *Financial Times Rank*, highlighted in Gaur and Kumar (2018) and Tüselmann, Sinkovics, and Pishchulov, (2016). Lastly, we expanded our selection of journals with two additional references in the fields of management, business, finance and economics. Thus, we surveyed a total of 31 journals (see the supplementary data in the Online Appendix).

In the search, we included both full-length peer-reviewed articles, as well as editorials, letters and perspectives. Using Web of Science, we searched for *business groups* or their variants *industrial group, financial-industrial group, keiretsu, qiye jituan, business house, grupo, grupo economico, chaebol, guanxi qiye*, or *family holding* (Holmes et al., 2018; Yiu et al., 2007). The search was performed in the titles, abstracts, and keywords of articles in the mentioned journals, yielding 478 articles about business groups. From these articles, we retrieved their titles and abstracts—as well as other bibliographic details such as authors' names, year of publication or authors' affiliation. At a first sight, we read titles, abstracts, and keywords to discard articles not focused on internationalization, since the set of articles was gathered from *business groups* keywords. This first-round screening process yield a total of 106 articles, anchored at the intersection between business groups and internationalization.

To construct and visualize bibliometric networks we used the software VOSViewer. Citations are a reliable proxy of the impact and influence of these authors and their articles relative to the field of IB and business groups (Griffith, Cavusgil, & Xu, 2008). VOSViewer allowed us to establish a rank of the most cited articles not only in the global Web of Science data source, but also to identify the most cited articles in our local sample. Being able to rank articles according to local citations' impact, we carefully read the full content of doubtful articles, sorting from the most relevant articles (highest number of local citations) to the least relevant (lowest number of local citations) (Griffith et al., 2008). In this second-round screening process, we removed those where internationalization or business groups were not the core of the research. The final sample yielded 83 articles from 20 journals (see Table A.1 and A.2 in the Online Appendix). To test for the inter-coder agreement of article removal, we calculated Cohen's Kappa coefficient (Neuendorf, 2016): 95 %.[1]

2.2. Data coding

As the aim of this review is both to take stock of the literature in internationalization and business groups' research and to offer an empirical identification of business groups that is robust across countries, we introduced some variation to the coding categories suggested by Gaur and Kumar (2018). The parent categorization is based on categories identified in the review article of Griffith et al. (2008), but we also consider the empirical information of revised articles to connect with our proposal of business groups empirical identification. As a result, we establish the following 14 parent categories, explained below.

First, we merge four parent categories developed in Griffith et al. (2008) into two –*article type* and *research theme*. *Article type* helps to identify if we review conceptual, empirical or review articles. *Research theme* supposes the core of this systematic literature review, which determines five sub-categories on business groups and internationalization that will define section 3. A detailed explanation is provided below. Then, we add two parent categories that focus on internationalization –*where* and *how*-, which aims at analyzing if firms internationalize in emerging or developed economies and which mode of entry they use, basically exports or foreign direct investment (FDI). Furthermore, we introduce a parent category related to the theoretical background –*dominant theories*-, and a parent category capturing differences between business groups as a whole and business groups member firms –*BG/BGMF*. Finally, we include eight parent categories with empirical details –*internationalization variable*, *business groups variable*, *type of data source*, *business groups source*, *country*, *scope of study*, *type of analysis*, and *type of research*. *Internationalization variable* and *business groups variable* gather information about the role of internationalization and business groups in the empirical analysis, whether they are the core of the analysis (the dependent variable) or factors (the

[1] We calculated Cohen's Kappa coefficient in a random sample of 51 articles (over 10% of the whole sample of 478 articles). We do not follow with the intercoder reliability in a larger sample due to the high level of coincidence between coders.

Table 1
Coding scheme.

Parent category	Sub-categories	Explanation
Article type	Empirical Conceptual Review	The articles is empirical, conceptual, or a review
Research theme	Institutions and other external factors	Relationship between institutions (home and host), business groups, and internationalization
	Internal capabilities and competitive advantage	How firms affiliated to business groups deploy inner capabilities to internationalize, and internationalization as a resources-seeking strategy
	Corporate strategy	The impact of different strategies (e.g., diversification or innovation) on internationalization, and vice versa
	Firm performance	Relationship between internationalization and firm performance, and the moderating role of business groups affiliation
	Corporate governance	Relationship between corporate governance determinants (ownership and board characteristics) and internationalization
Where?	Emerging economies Developed economies Both	Whether the international activity is focused on EE or DE
How?	Export FDI Both	Whether the international strategy followed is through exports or foreign-direct investment
Dominant theory	Institutional / Neo-institutional theory Resource-based view Resource dependence theory Transaction cost theory Agency theory Network model Internationalization theories Others	Theoretical framework
BG/BGMF	BG BGMF Both	Whether the unit of analysis is the business group as a whole or business groups member firms (affiliates)
Internationalization variable	Dependent Independent Other explanatory	How internationalization plays in the empirical analysis
Business groups variable	Dependent Independent Other explanatory	How business groups plays in the empirical analysis
Type of data source	Primary Secondary Both	Whether data come from primary or secondary sources
Business groups source	Independent sources Identified	Whether the empirical definition of business group is given by an independent source or identified by the authors
Country	Emerging economies Developed economies Both	Whether country of the sample belongs to EE or DE
Scope of study	Single Cross-country	Sample is on one country or a variety
Type of analysis	Longitudinal Cross-sectional	The data applied is longitudinal (over time) or cross-sectional (at a given point of time)
Type of research	Quantitative Qualitative	The type of research conducted is quantitative or qualitative

For parent categories *Internationalization variable* and *Business groups variable*, it is relevant to emphasize that we differentiate between independent variable and other explanatory variables (including control, moderator, and mediator variables). Following the discussion in Hayes (2017), we do not consider these explanatory variables as independent variables, as control, moderator and mediator variables are variables that help to describe the relationship between dependent and independent variables.

independent and other explanatory) that influence key variables. *Business groups source* is relevant to capture if previous research has been able to identify business groups or has relied on secondary databases, and *Country* parent category allows as to determine whether research has been more interested in emerging economies or developed economies. Table 1 presents our coding scheme and its detailed explanation.

Specifically, in the parent category of *research theme,* we combined those based on the main IB topics in the domains of *JIBS*, similar to Griffith et al. (2008), with the six research questions about business groups following Holmes et al. (2018). Thanks to the combination of these two areas of research, we highlight the topic of interest of our review: the intersection between internationalization and business groups' literature. Table 2 offers a comparison between the themes included in the IB review from Griffith et al. (2008), the research questions from the business groups' review proposed by Holmes et al. (2018), and our five sub-categories within the *research theme* parent category on internationalization and business groups. We describe each of our five sub-categories next: (1) *Institutions and other external factors* relates to interactions between institutions, business groups, and internationalization; (2) *Internal capabilities and competitive advantage* includes how firms affiliated to business groups deploy their inner capabilities to internationalize, and how internationalization is a resources-seeking strategy; (3) *Corporate strategy* alludes to the impact of different firm strategies, such as product diversification or innovation, on internationalization, and how internationalization may catalyze (hinder) different corporate strategies; (4) *Firm performance* category is mainly based on the relationship between internationalization and

Table 2
Comparison between research themes categories in Griffith et al. (2008); Holmes et al. (2018), and this study.

International business categories in *JIBS* (Griffith et al., 2008)	Business groups categories in Holmes et al. (2018)	Internationalization and business groups categories in the present study
Interactions between MNEs and other actors, organizations, institutions and markets; How international environment affects activities, strategies, structures and decision-making processes of firms	Internal markets; Economic impact	(1) Institutions and other external factors
International dimensions of organizational forms and activities	Internal markets	(2) Internal capabilities and competitive advantage
Activities, strategies, structures and decision-making processes of MNEs; International dimensions of organizational forms and activities	Corporate strategy; Innovation	(3) Corporate strategy
Cross-border activities of firms	Affiliate and business group performance	(4) Firm performance
International dimensions of organizational forms and activities	Corporate governance	(5) Corporate governance
Activities, strategies, structures and decision-making processes of MNEs	Corporate governance	(6) Organizational structure

performance, moderated by business groups affiliation; finally (5) *Corporate governance* refers to the connection between corporate governance attributes, such as ownership and board characteristics, and the internationalization of business groups.

Once the coding scheme was defined, we coded the sampled articles using its titles, abstracts, keywords, and content, if needed. Specifically, two authors independently coded the 83 articles according to the 14 parent categories in our coding scheme. Then, these two authors jointly reviewed the results. Moreover, to check for reliability of our coding, we tested inter-coder reliability using Cohen's Kappa coefficient (Neuendorf, 2016) in the overall sample of articles.[2] For example, the Cohen's Kappa coefficient was around 85 % for the coding of *research theme* parent category, which is an acceptable range.[3]

2.3. Analysis: descriptive statistics

In this section, we present a descriptive analysis of the coded content. Table 3 is a summary of the 83 coded articles following our coding scheme. The parent categories *internationalization variable, business groups variable*, *business groups source* and *country* of the sample are the most relevant to synthesize existing research at the intersection of internationalization and business groups.

The *internationalization variable* is a dependent variable in 50 % of the empirical articles versus only 12 % where *business group variable* is dependent. This imbalance confirms business groups' research occupies a secondary position in the literature of internationalization, where business groups' traits are explanatory variables.

As we have noted above, we believe that the empirical definition or identification of business groups across countries is a limitation in this literature. Almost 80 % of the empirical articles included in this review obtain the information about business groups' affiliation from *independent* sources, where business groups have been previously identified by secondary databases. For instance, a vast majority of Indian business groups' studies use *independent* sources, such as Prowess database containing business groups' affiliation. There are only a few articles that manually *identify* business groups' affiliation given the lack of access to available databases gathering this information. Only a handful of authors conduct business groups' identification through surveys, interviews and gathering online data, such as press releases, annual reports, and companies' websites (e.g., Dieleman, 2010; Guillén, 2002, 2003). Other scholars classify firms into business groups basically considering vertical ties, such as ownership links (e.g., Bamiatzi, Cavusgil, Jabbour, & Sinkovics, 2014), and horizontal ties, such as cross-shareholding and interlocking directorates (e.g., Alcantara & Mitsuhashi, 2012; Kim, Hoskisson, & Wan, 2004; Zia, 2008).

In 78 % of empirical articles, samples from *emerging economies* are the target of the study in comparison with the 20 % which focused on *developed countries*. Regarding the scope of study, there is a scarcity of *cross-country* studies (9 %). This may be explained by the difficulty in access to cross national business groups' sources, when the business group is the unit of analysis. We will come back to this deficiency in our section on the empirical identification of business groups.

Furthermore, there are two categories that we include in this coding scheme due to its relevance in the field of IB: *where* the international activity is focused on, emerging economies or developed economies, and *how* the international strategy is deployed, through exports or FDIs. These two general categories allow us to map the path that IB has followed during the last 23 years. Generally, articles are devoted to the study of *FDI* in *emerging economies*.

The most common and dominant theoretical framework in internationalization and business groups' research is the *institutional and neo-institutional theory* (31 %) (North, 1990; Scott, 1995), followed by *resource-based view* (23 %) (Barney, 1991; Penrose, 1956, 1959), and *agency theory* (18 %) (Fama & Jensen, 1983; Jensen & Meckling, 1976). Theoretical approaches more tailored to international research, such as *Uppsala model* (Johanson & Vahlne, 1977)*, three-stage theory of international expansion* (Contractor, Kundu, & Hsu, 2003), and *Dunning's OLI eclectic paradigm* (Dunning, 1980), are employed in 4 % of the articles, where the view of internationalization has been analyzed in depth. This is in a nutshell the snap shot of this corpus of work. Next, we turn to discuss the content of these articles.

3. Making sense of coded content. What do we know?

Once the content of all articles included in the sample has been coded, the most important step is to offer an interpretation of the outcomes of our content analysis. This last stage is structured according to the five sub-categories identified in the *research theme* parent category, where we offer a discussion of the coded articles by each research theme.

3.1. Institutions and other external factors

In emerging and developing economies, institutional voids and their risks, which promote firms internalization processes and structures, explains a great deal of the salience of business groups (Chung & Luo, 2019; Granovetter, 1995; Khanna & Yafeh, 2007; Yiu et al., 2007). Business groups, for instance, provide better access to capital resources when the capital market is weak (e.g., Kim & Song, 2017). The literature in this sub-category tests the relationship between institutions, business groups and internationalization.

The unique characteristics developed by business groups to overcome institutional deficiencies are relevant for the internationalization

[2] Gaur and Kumar (2018) chose a random sample of 15 articles, accounting for 18% of the overall sample. Holmes et al. (2018) calculated the inter-rater agreement by coding theoretical perspectives of 50 random articles (30% of the whole sample).

[3] The Cohen's Kappa coefficient should be 0.8 or above to ensure inter-coder reliability (Gaur & Kumar, 2018; Neuendorf, 2016).

Table 3
Summary of coded articles. N = 83.

Parent category	Sub-categories	Number of articles coded	Percentage of articles coded
Article type	Empirical	76	91.57%
	Conceptual	6	7.23%
	Review	1	1.20%
Research theme	Institutions and other external factors	21	25.30%
	Internal capabilities and competitive advantage	19	22.89%
	Corporate strategy	17	20.48%
	Firm performance	16	19.28%
	Corporate governance	22	26.51%
Where?	Emerging economies	27	32.53%
	Developed economies	4	4.82%
	Both	14	16.87%
	N/A	38	45.78%
How?	Export	10	12.05%
	FDI	48	57.83%
	N/A	17	20.48%
	Both	8	9.64%
Dominant theory	Institutional / Neo-institutional theory	26	31.33%
	Resource-based view	19	22.89%
	Resource dependence theory	4	4.82%
	Transaction cost theory	3	3.61%
	Agency theory	15	18.07%
	Network model	5	6.02%
	Internationalization theories	3	3.61%
	Others	34	40.96%
BG/BGMF	BG	27	32.53%
	BGMF	51	61.45%
	Both	5	6.02%
Internationalization variable	Dependent	38	50.00%
	Independent	31	40.79%
	Other explanatory	7	9.22%
Business groups variable	Dependent	9	11.84%
	Independent	48	63.16%
	Other explanatory	23	30.26%
Type of data source	Primary	7	9.21%
	Secondary	68	89.47%
	Both	1	1.32%
Business groups source	Independent sources	59	77.63%
	Identified	10	13.16%
	N/A	7	9.21%
Country	Emerging economies	59	77.63%
	Developed economies	15	19.74%
	Both	2	2.63%
Scope of study	Single	69	90.79%
	Cross-country	7	9.21%
Type of analysis	Longitudinal	61	80.26%
	Cross-sectional	16	21.05%
Type of research	Quantitative	73	96.05%
	Qualitative	3	3.95%

In some parent categories, such as *research theme* or *dominant theory*, the sum of percentages are higher than 100 because of the existence of articles belonging to more than one sub-categories. In other parent categories, such as *where?* or *how?*, we include the N/A (not applicable) sub-category due to the impossibility to codify articles within the other sub-categories. The categories *internationalization variable, business groups variable, type of data source, business groups source, country, scope of study, type of analysis,* and *type of research* are calculated exclusively for the 76 empirical articles. Parent categories in bold are relevant to synthesize existing research at the intersection of internationalization and business groups.

process –those providing ownership, location and internalization advantages of the OLI model (Dunning, 2003)- as suggested by Yiu (2011) in the Chinese context. Similarly, Gaur, Kumar, and Singh, (2014) find that firms affiliated to a business group in emerging economies are more likely to shift from exports to FDIs, accruing firm and group level resources as a reaction to the weak institutional environment (e.g., group level resources as international experience, or technological and marketing resources). However, business groups may deter internationalization when some resources or characteristics developed in one institutional context are not suitable for different institutional contexts (e.g, some domestic institutional resources, such as local business networks, in Tan & Meyer, 2010). Indeed, Garg and Delios' (2007) suggest that certain compatibility between the home and the host country institutional contexts is necessary for the survival of foreign affiliates of Indian business groups.

The institutional setting may also condition the effect of some firm capabilities as facilitators of internationalization, such as innovation capabilities in Yi, Wang, and Kafouros, (2013). Lu and Ma (2008) find evidence suggesting that in international joint ventures, local partners affiliated to a regional (national) business group are preferable when the regional (national) rules restrict foreign investments. Informal institutions, such as managerial ethnic ties, are also relevant to determine the location of direct investments by Taiwanese business groups in China, according to Jean, Tan, and Sinkovics, (2011). Finally, foreign institutional settings may also influence the behavior of domestic firms with foreign shareholders due to their ability to legitimate certain foreign practices or logics (e.g., a Chinese firm being affected by the US institutional setting due to the influence of their US shareholders), according to Chung and Luo (2008).

Many emerging economies reformed their institutional context to trigger economic development, usually by implementing pro-market reforms. Firms may take advantage to these reforms with organizational transformations, such as internationalization, that is found to be related to the access to international resources (e.g., technology and financing), although interestingly this relationship is weaker for firms affiliated to business groups (Chittoor, Sarkar, Ray, & Aulakh, 2009). Similarly, Kim, Kim, and Hoskisson, (2010) uncover that the positive effect of institutional reforms in emerging economies is less pronounced on foreign firms and on firms affiliated to business groups than on independent firms (Chari & Banalieva, 2015). As a consequence of institutional changes, business groups respond by engaging in different internationalization strategies. For example, Dieleman (2010) shows that Chinese groups in Indonesia increase internationalization or modify their internationalization strategy, such as increasing diversification abroad. However, the decision to internationalize for business groups is more complex than for stand-alone firms, because the former have to decide which of the firms will get involved in the internationalization. Gubbi, Aulakh, and Ray, (2015) note that, since only some firms within the business group internationalize, the access to valuable resources for internationalization may be asymmetrically distributed inside the group.

Our review shows that the literature has paid more attention to *emerging economies* than to *developed economies*, mostly evaluating the role of business groups as entities to fill institutional voids in emerging markets. The *institutional and neo-institutional theory* (North, 1990; Scott, 1995) are the most widely employed theories, which constitute the theoretical core of articles exploring the role of institutional changes and transitions. We find a lower relevance of approaches from *resource-based view* (Barney, 1991; Penrose, 1956, 1959), and *network model* (Burt, 1997, 2000). *Resource-based view* is often used in combination with the institutional-based view mainly because they treat the external environment as an endogenous element (Yi et al., 2013), and due to the power of the combined effects of both, firms resources and institutions (Gaur et al., 2014).

3.2. Internal capabilities and competitive advantage

Whether firms use its internal capabilities to boost internationalization or internationalization itself is a tool to achieve competitive advantage abroad are the two key questions under this sub-category.

On the one hand, there are multiple articles exploring how firms use internal capabilities, such as international experience (Banerji & Sambharya, 1996; Gaur et al., 2014; Guillén, 2002; Tan & Meyer, 2010), reputation (Mukherjee et al., 2018), domestic capabilities (Santangelo & Stucchi, 2018), and knowledge and connections with sister affiliates (Lamin, 2013) to achieve their internationalization strategy. Our literature review shows that business groups are an important source of resources that may contribute to the internationalization through the deployment of their inner capabilities. In this sub-category, it is noteworthy to distinguish between the internationalization of the business group as a whole and business groups affiliated members. Tan and Meyer (2010) focus on how managerial resources, such as international experience or international education, shared in the business group, influence internationalization. They uncover that while international experience fosters internationalization, international education does not. Some organizational capabilities typically deployed in the local context may be extrapolated to the international arena. As an example, Santangelo and Stucchi (2018) indicate that domestic capabilities –such as coordination and control- of business groups may be reorganized when they face cross-border M&As for the first time. They find that business groups re-use different inner capabilities, initially applied to manage domestic geographic dispersion, to expand across borders. The study of Mukherjee et al. (2018) discuss how business groups internal resources –such as reputation-could be used towards the international expansion of affiliated firms. In their conceptual framework, they sustain that variations on reputation between different business groups lead to different patterns of geographic scope and location choices.

Similarly, firms embedded or affiliated to business groups may benefit from the shared use of resources when they internationalize (e.g., Banerji & Sambharya, 1996, for the case of FDI of Japanese firms in the US; Popli & Sinha, 2014, for the case of cross-border M&As by Indian companies). Chari (2013) hypothesizes a positive impact of business group affiliation on FDI and finds that the strength of this relationship depends on the size and diversification of business groups. Gaur et al. (2014) also show that affiliated firms benefit from the international experience of the business group to increase their internationalization. Following this line of research, there are a set of studies that compare affiliated with non-affiliated firms to a business group. Lamin (2013) finds that firms affiliated to business groups attract more clients from foreign markets and attain higher international sales than non-affiliated firms. Once controlling for the same home-country industry, the former are more prone to entry in foreign markets than the latter, since affiliated firms can benefit from the past experience of the business groups and the imitation (Guillén, 2002). However, business groups affiliation is not always a positive factor for internationalization. Hundley and Jacobson (1998) show that firms affiliated to Japanese *keiretsu* have lower export ratios than non-affiliated. Their explanation is that some factors, such as the protection from competitors provided by the business group, may reduce the competitiveness of affiliated firms in foreign markets.

On the other hand, there is also research looking at how firms obtain capabilities and resources *from* (Lamin & Dunlap, 2011) or *thanks to* (De Beule & Sels, 2016; Gubbi & Elango, 2016; Zhao, Anand, & Mitchell, 2005) to internationalization. First, firms may attain resources and capabilities *from* firms located in foreign countries. In the case of business groups, firms acquire technological capabilities from foreign affiliates and foreign customers (Lamin & Dunlap, 2011). Second, firms may obtain resources and capabilities *thanks to* the strategy of internationalization through acquisitions and international joint ventures. De Beule and Sels (2016) and Gubbi and Elango (2016) explore how firms from emerging economies acquire firms in developed economies to gain resources and capabilities. They find that business groups affiliation has a positive impact on shareholder value because of its superior access to internal and external resources essential for capability creation and international competitiveness, transferable to affiliated firms. Besides cross-border acquisitions, international joint ventures (IJV) also emerge as an internationalization strategy for resource-seeking abroad. As an example, Zhao et al. (2005) investigate the inter-organizational transfer of knowledge from IJVs to business groups in China.

In environments with increasing international competition, for example when there are FDI announcements by multinational entities (MNE) or there is a presence of large asymmetries in foreign trade, firms affiliated to business groups respond more assertively than non-affiliated firms. Ayyagari, Dau, and Spencer, (2015) suggest that business groups behave similar to large firms if threatened by international competitors: "when poked, the lion responds" (Chen & Hambrick, 1995: p. 461). The presence of large asymmetries in foreign trade (imports and exports) and foreign investments (inward and outward stocks of FDI) allows business groups to create an inimitable capability, according to Guillén (2000). In this scenario, business groups combine better domestic and foreign resources to entry industries quickly and cost-effectively.

The most influential theory in this sub-category is *resource-based view*, since firms apply their resources with the aim to enhance their competitive advantage while they internationalize (e.g., Chesbrough, 2003; Guillén, 2000). *Institutional* and *neo-institutional theories* are also relevant, and frame ideas, for instance, on the relationship between firm and institutional resources and the internationalization process (Gaur et al., 2014).

Almost all articles capture business groups from *independent* sources, with the exception of the case of Guillén (2002, 2003), where he identifies *chaebol* affiliates from company directories, on-site and telephone interviews.

3.3. Corporate strategy

We identify two main streams of research under the sub-category *corporate strategy*. First, some articles under this sub-category examine how different corporate strategies such as product diversification (Kumar, Gaur, & Pattnaik, 2012) and innovation (Purkayastha, Manolova, & Edelman, 2018; Singh, 2009) influence the internationalization of business groups. Second, another set of articles analyze the role of internationalization as a platform (or barrier) to boost (or hinder) different corporate strategies, mainly innovation (Chittoor, Aulakh, & Ray, 2015; Choi, Lee, & Williams, 2011; Mahmood & Singh, 2003; Mahmood & Zheng, 2009).

The first stream of articles explores the impact of product diversification and innovation on internationalization. Kumar et al. (2012) show a negative association between product diversification and the international expansion of emerging economies' business groups. This relationship is positively moderated by former international experience and exposure, and technological group resources. Similarly, Purkayastha et al. (2018) find a positive association between R&D intensity and the degree of internationalization, where firms affiliated to business groups seem to positively moderate the former relationship. Also stressing the role of affiliation to a business group, Singh (2009) studies how different firms' corporate strategies, such as R&D or advertising expenditures, and firm's characteristics, such as size and business group affiliation, directly affect export sales of firms from emerging economies. His results show that while R&D expenditure positively affects export sales, advertising has a negative effect. Business group affiliation also yields a positive impact on export sales.

In a second stream of research, internationalization may be positive or negative for different corporate strategies, although most research focuses on innovation strategies. Mahmood and Zheng (2009) uncover a negative effect of business groups' international joint-ventures on the number of approved patent applications. However, Chittoor, Aulakh, Aulakh et al. (2015) find a positive effect of internationalization on innovation, where technology imports and product market internationalization facilitate investments in innovation. Moreover, Choi et al. (2011) show in their study of Chinese firms that the presence of foreign shareholders is positively related to the patent activity, and that business groups affiliation also positively relates to innovation. In a similar way, Mahmood and Singh (2003) compare innovation capabilities between firms in newly industrialized countries, such as Taiwan or Singapore, and in emerging economies in Asia and Latin America. They highlight the contagion effect of foreign MNEs on local firms' innovation, especially for business groups, which use their internal capabilities to enhance innovation.

The body of research regarding corporate strategy, internationalization and business groups is heterogeneous, aside from the two main streams previously analyzed. Some articles (i) highlight the irresponsible practices of business groups when they internationalize (e.g., Su & Tan, 2018; Surroca, Tribó, & Zahra, 2013). For instance, Su and Tan (2018) study how different aspects of business groups trigger offshoring group companies to tax havens. Results show that business groups with high levels of internationalization tend to offshore companies in tax heavens. Additional findings (ii) show how the international strategy of firms affiliated to business groups is less dependent on subsidies to promote exports than stand-alone firms, presumably because of their superior access to financial resources within the business group (Zia, 2008). The advantages provided by state ownership favoring internationalization are ambiguous in the case of firms affiliated to business groups. Li, Cui, and Lu, (2017) find that the moderating role of business groups affiliation on the relationship between state shareholding and foreign entry is positive or negative depending on the type of state ownership. The investment strategy (iii) also impacts on internationalization. Specific factors such as the country risk of expropriation in emerging economies may influence decisions of investment abroad, as found by Delios and Henisz (2000) for Japanese firms. Product similarities between headquarters and foreign affiliates, according to Lin (2016), determine investment decisions at the level of the business groups on foreign affiliates. Finally (iv), some authors analyze how the structure of business groups may lead to an increase of international strategies. Kim et al. (2004) find that *keiretsu* affiliates with more power within the business group structure place more emphasis in pursuing international diversification. Consistent with Kim et al. (2004), Chen and Jaw (2014) uncover a positive and significant impact of core firms within the business groups structure on internationalization.

The main theories applied in *corporate strategy* are *resource-based view* –how resources from different strategies affect internationalization, considering business groups as a pool of resources (e.g., Purkayastha et al., 2018; Singh, 2009)-, *institutional theory* –how institutional ownership and institutional stakeholders may influence firms' strategies- and *agency theory* –how the principal-agency conflict and the monitoring activities may impact on firms' corporate strategies like innovation, corporate restructuring or foreign expansion. However, there are several articles in this sub-category that are based on theories classified as *others*, like entrepreneurial models (e.g., Lechner & Leyronas, 2009) to explain the emergence and expansion of business groups as an outcome of entrepreneurial firms and teams.

As in other sub-categories, business groups affiliation is identified from *independent sources*, and only a few articles *identify* business groups' affiliation, for example, given by horizontal ties, such as ownership and directorship structure (Kim et al., 2004).

3.4. Firm performance

Articles that fall in this sub-category deal with the link between performance, business groups and internationalization. The analysis of the relationship between internationalization and firm performance includes business groups affiliation as a moderating factor. There are mixed empirical results for the internationalization-performance analysis, due to differences in samples or different variables to proxy the internationalization strategy, or the context of study (Nachum, 2004). Geringer, Tallman, and Olsen, (2000) show a linear and negative association between international diversification and performance, comparing *keiretsu* affiliated firms and non-affiliated firms. *Keiretsu* affiliation has an impact on international diversification, but no effect on performance levels. Accordingly, Gaur and Delios (2015) also uncover a negative and linear relationship between international diversification and firm performance for Indian firms. They show that business group affiliation reduces the negative performance effects of international diversification, because of the combined size of all affiliated members. Supporting this idea, Kim et al. (2010) also observe a negative and linear relationship between internationalization and firm performance. Business group affiliation moderates the association differently, depending on the stage of the institutional change. However, other authors uncover a non-linear relationship between these two concepts, positive or negative. As an example, Ma, Yiu, and Zhou, (2014) show a quadratic relationship in the form of a U-shaped between foreign sales and firm value among Chinese firms, positively moderated by business group affiliation. Unlike, Ito (1997) and Purkayastha, Kumar, and Lu, (2017) find support to the quadratic relationship in the form of an inverted U-shaped, with samples from China, Japan and India. In addition, He and Ng (1998) uncover that the internationalization, measured as the level of export ratio, explain the exposure to exchange-rate fluctuations, and the characteristics of firms –leverage or liquidity- which in turn also affect the risk exposure. In that scenario, firms affiliated to business groups are more exposed to the exchange variability because they hedge less against exchange variability, thanks to their strong liquidity position and low risk of bankruptcy.

The effect of different types of ties and networks on firm performance has also been analyzed within this literature. There are articles that have concentrated on the networking at the level of host country (Chung, Lu, & Beamish, 2008; Liao, 2015) and at the level of home country (Wan, Yiu, Hoskisson, & Kim, 2008). As an example, Liao (2015) analyzes how clusters with host institutions, besides international experience gained by a business group, influence the performance of foreign firms, for the case of Taiwanese firms investing in China. They yield mixed results for different types of clusters in the context of this emerging economy.

International experience from emerging economies or developed economies may help foreign firms to adapt to host settings. However, Liao (2015) finds support for the positive impact of international experience acquired by the business groups on performance only if this experience was gained in emerging economies, but not for the international experience obtained in developed economies. Chung et al. (2008) study how subsidiaries networks of MNEs in the host country affect their performance and reveal a positive relationship between Japanese MNE networks and foreign subsidiaries performance during periods of economic crisis. Similarly, Wan et al. (2008) study the contingent effect of the economic environment in the home country by looking at the performance implications of the social relationships of Japanese banks during home-country macroeconomic expansions and contractions. Home social network may be built from business groups affiliation or cross-shareholdings. They observe that business groups affiliation is positively related to financial performance during periods of expansion but negatively related during economic downturns, since banks are expected to support their *keiretsu* client firms even when the Japanese economy is breaking down. Moreover, levels of internationalization are positively related to performance during periods of contraction, since as banks internationalize more, they may find new sources of revenue and be less constrained to home social ties, offsetting the poor performance from local clients.

In this sub-category we also include research about the performance consequences of foreign subsidiaries affiliated to business groups. We find studies that cover how the managerial knowledge-sharing (Lee & MacMillan, 2008) and the innovative knowledge transfers across peer group-affiliated companies within *chaebols* (Lee, Park, Ghauri, & Park,

2014) affect the foreign subsidiaries performance.

Lastly, there have been some attempts to link ownership, internationalization and performance (Cuervo-Cazurra & Dau, 2009; Douma, George, & Kabir, 2006; Gaur & Delios, 2015; Purkayastha et al., 2017). Purkayastha et al. (2017) uncover that ownership heterogeneity among business groups moderates differently the internationalization-performance relationship. While at lower levels of internationalization, they find a positive moderating effect of family and foreign ownership on this relationship, at higher levels of internationalization these two different types of ownership has a negative moderating role. Douma et al. (2006) analyze how different types of ownership, such as foreign and local owners, impact firm performance, interacting business groups affiliation with ownership types. Gaur and Delios (2015) conduct two different analyses. They first examine the effect of ownership structure on international diversification and show that greater domestic and foreign concentration is related to higher level of international diversification. Furthermore, they explore the performance consequences of international diversification, and they observe that there is a negative relationship which is moderated by the concentration of domestic owners.

Institutional and neo-institutional theory, and *resource-based view* are the predominant theories included in these *firm performance* articles. While *institutional and neo-institutional theory* refers to the role of institutions on firm performance of foreign firms, *resource-based view* foundations are based on the seeking of additional profits in international markets when firms develop profit-making internal capabilities (Geringer et al., 2000). Under this framework, for example, Lee et al. (2014) aim to determine the patterns of innovative knowledge transfer strategies of affiliated firms of business groups and how these patterns affect the performance of foreign subsidiaries. Only the article from Bamiatzi et al. (2014) identifies business groups affiliation by vertical ties, ownership stakes above 25 %.

3.5. Corporate governance

Corporate governance sub-category includes articles that link corporate governance determinants and practices, such as ownership configurations and board characteristics, with firms' internationalization. To start the discussion under *corporate governance* sub-category, it is worth highlighting two contributions. Filatotchev and Wright (2011) explore how agency theory helps understand several dimensions of corporate governance in MNEs, such as internationalization, international joint ventures, headquarters-subsidiary relationships, and global business groups. They call for deeper research on different mechanisms of corporate governance beyond ownership. Second, Aguilera and Jackson (2010) and Aguilera, Marano, and Haxhi, (2019) analyze the state of the art in international corporate governance and how comparative corporate governance has been understood from different theoretical perspectives, such as the agency perspective.

According to Filatotchev and Wright (2011), research has mainly studied the impact of ownership on internationalization instead of other key corporate governance attributes (e.g., Chittoor, Aulakh, & Ray, 2015; Chung, 2014; Li et al., 2017; Luo, Chung, & Sobczak, 2009; Singh & Gaur, 2013; Singh & Delios, 2017), such as board characteristics. We concur that the vast majority of the articles in this current sub-category focus on the impact of ownership on internationalization. As an example, Singh and Gaur (2013) analyze the effect of different ownership structures and business groups affiliation on innovation, and find a positive effect of family ownership and group affiliation on foreign investments. Considering foreign acquisitions as a mode of international expansion, Chittoor, Aulakh et al. (2015) observe that firms with high ownership concentration engage more in overseas acquisitions, where business group affiliation reduces such influence. Li et al. (2017) find similar results for the moderating effect of business groups affiliation in the relationship between state ownership and the engagement in FDI by firms from emerging economies. The negative moderating role is explained by the sharing of resources, information and knowledge among member firms of a business group.

A second set of articles examines the impact of ownership along with other governance attributes on internationalization strategies (Chung, 2014; Ilhan-Nas, Okan, Tatoglu, Demirbag, & Glaister, 2018; Luo et al., 2009; Singh & Delios, 2017). For instance, Luo et al. (2009) analyze the impact of home-country corporate governance models, namely family ownership and control in Taiwanese business groups, on inward FDI from US and Japanese firms. They find that home-country corporate governance models influence foreign firms' decisions of local joint ventures partners. Singh and Delios (2017) study how board and ownership structure affect firm growth strategies, locally and abroad. They uncover that boards with more independent members and CEO duality are more likely to pursue growth strategies, by the means of domestic ventures and foreign investments. Directors characteristics are also studied in the articles of Belderbos, Van Olffen, and Zou, (2011) and Chittoor, Aulakh, and Ray, (2019). The latter are keen on whether owner CEO or professional CEO lead to higher degree of internationalization. Their interesting results show that while owner CEOs internationalize when firms outperform, professional CEOs tend to pursue international strategies when firms underperform. This effect is larger for stand-alone firms than firms affiliated to business groups, since CEOs make decisions with more autonomy in individual firms than within business groups (Chittoor et al., 2019). The former investigate the effect of internationalization on corporate governance issues, since they analyze whether foreign subsidiaries should have or not expatriate directors seated in their boards. They observe that there are some key determinants, such as international experience of directors from MNEs in Japan, which drive their expatriation around Asia (Belderbos et al., 2011).

Lastly, another set of articles consider internationalization in the way of foreign investors ownership, and their performance implications (e.g., Baek, Kang, & Suh Park, 2004; Choi, Park, & Yoo, 2007; Douma et al., 2006; Gaur & Delios, 2015; Perkins, Morck, & Yeung, 2014; Purkayastha et al., 2017). During financial crisis, firms with foreign investors ownership concentration experienced a smaller reduction in their value, but firms affiliated to a business group, with concentrated ownership by a controlling family, experienced a larger drop in their value (Baek et al., 2004). Similarly, Gaur and Delios (2015) show that foreign ownership concentration is positively related to internationalization, although this relationship comes with less performance during institutional transitions. Nevertheless, the literature also considers a positive relationship between foreign ownership and firm performance. Douma et al. (2006) find a positive effect of foreign shareholders on firm performance, associated with stability and long term commitment of these investors. This effect is different for firms affiliated to business groups. Accordingly, results from Choi et al. (2007) show that foreign investors also have a positive impact on firm performance, but *chaebol* affiliation has a negative impact. From these mixed results, we can conclude that the impact of foreign ownership on firm performance and the effect of business groups affiliation have not reached a consensus yet.

Other research topics considered in this sub-category include how corporate governance, such as foreign ownership and business group affiliation, affect the strategy of corporate restructuring of firms (e.g., Chung & Luo, 2008; Park & Kim, 2008). Moreover, business group affiliation makes more effective the appointment of a new leader from the business group than an outsider in emerging economies (Chung & Luo, 2013).

The predominant conceptual framework inside this sub-category is *agency theory*, which has been a dominant perspective to identify the main dimensions of corporate governance as ownership structure and board composition (Filatotchev & Wright, 2011).The empirical definition of business group is predominantly given by *independent* sources, and only a few articles identify business groups (Hearn, Oxelheim, & Randøy, 2018; Perkins et al., 2014), investigating the structure of

Table 4
Business group's conceptual definitions.

Author(s)	Article type	Definition of BGs	Output variable	Theoretical framework						
				Institutional	Transaction costs	Agency	Resource-based view	Politics and political economics	Social capital	Others
Barbero and Puig (2016)	Conceptual	'set of legally independent firms operating under a common central management, linked by persistent, formal and/or informal link' (p.7)	Business history	✓	✓	✓	✓	✓	✓	
Carney (2008)	Conceptual	'Business groups are 'collections of firms bound together in some formal and informal ways.' The scope of their activities is very broad and there is typically a high degree of ownership concentration in the hands of a family, the state, or financial institution sufficient to effect control and coordination over the affiliated firms' (p.595)	Origins in Asian countries	✓				✓		
Carney et al. (2017)	Review	'Business groups are a set of legally independent firms linked by ownership and a variety of other formal and informal ties that act in a coordinated manner' (p. 52)	Prevalence across countries	✓						✓
Carney et al. (2011)	Review	'firms which though legally independent, are bound together by a constellation of formal and informal ties and are accustomed to taking coordinated action' (2001: 47)"(p.437)	Affiliation, performance and context	✓	✓	✓			✓	✓
Chung and Luo (2019)	Book chapter	'Business groups are a set of legally independent firms that are bound together by formal and informal inter-firm ties and function coherently as an entity. Many of them diversify across unrelated industries and operate in emerging economies, while there are also business groups in some mature markets such as Japan and Sweden' (p.2)	Economic and sociological approaches	✓	✓		✓		✓	✓
Granovetter (2005)	Book chapter	'Business groups are sets of legally separate firms bound together in persistent formal and/or informal ways' (p.429)	Social organization of business groups						✓	
Holmes et al. (2018)	Review	'Business group are interorganizational networks of semi-autonomous firms bound through multiplex ownership, buyer-supplier, director interlock, and/or social ties. Though business group member firms (hereafter affiliates) pursue mutual objectives, they retain legal independence' (p.135)	International strategy	✓	✓	✓	✓		✓	✓
Khanna and Yafeh (2007)	Conceptual	'These groups typically consist 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' (p.331)	Structure, ownership and interaction with society	✓	✓	✓				
Locorotondo et al. (2012)	Review	'Business groups are a particular organizational form with several defining characteristics. First of all, all member firms are separate legal entities. […] Second, stable and long-term ties between member firms are typical of business groups. […] A third […] is the presence of a parent company that provides managerial coordination and administrative and financial control' (p.78 - 79). 'There is a general consensus in the literature that a business group can be defined as 'a collection of legally independent firms that are linked by multiple ties, including ownership, economic means, and/or social relations (family, kinship, friendship) through which they coordinate to achieve mutual objectives''(p.79)	Affiliation	✓	✓	✓				✓
Yaprak and Karademir (2010)	Review	'…BGS as collections of firms that are bound together in formal and informal ways in an intermediate sense to achieve an economic purpose, such as rapid market entry, and as coalitions of organizations that go beyond temporary alliances among two or more otherwise independent firms that do not constitute a legally consolidated or integrated entity' (p. 246-247)	International strategy	✓			✓			

(continued on next page)

Table 4 (*continued*)

Author(s)	Article type	Definition of BGs	Output variable	Theoretical framework						
				Institutional	Transaction costs	Agency	Resource-based view	Politics and political economics	Social capital	Others
Yiu et al. (2007)	Review	'Business groups usually consist of individual firms that are associated by multiple links, potentially including cross-ownership, close market ties (such as inter-firm transactions), and/or social relations (family, kinship, or personal friendship ties) through which they coordinate to achieve mutual objectives' (p. 1551)	Integrative framework of the four main theories		✓	✓		✓	✓	

groups, such as pyramids. For instance, Perkins et al. (2014) compute business groups pyramids recording the equity block holding through external information and interviews with executives.

4. Identification of business groups

From section 3 we may conclude that most of the articles rely on the use of *independent* sources instead of empirically *identifying* business groups, which opens new avenues for the improvement of business groups research. For example, the little empirical evidence on some countries could be explained by the lack of *independent* sources identifying business groups. Algorithms to systematically identify business groups could help to overcome these drawbacks, although not exempt from shortages, discussed below.

In this section, we first analyze the existing conceptual definitions of business groups, and we discover a consensus. Then, we propose an algorithm to define the boundaries of a business group from a large database, which advances previous attempts in the literature.

4.1. Conceptual definition of business groups

Table 4 provides a summary of conceptual definitions of business groups published in qualitative and quantitative reviews (6 articles), conceptual articles (3 articles), and book chapters (2 articles). We selected articles from Web of Science whose main aim was a review on the literature of business groups –through traditional review or meta-analysis-, or those intending to analyze in-depth a specific dimension of business groups, developed as conceptual articles or as sections of books. These conceptual efforts to define business groups associate them with different themes, such as affiliation, performance or social embeddedness. From these articles' definitions, we identify four main characteristics that researchers have employed widely to describe business groups: (i) as a *set* or *collection* of firms with *legal independence* (e.g., Carney, Essen, Estrin, & Shapiro, 2017; Granovetter, 2005); (ii) stand-alone firms joined together by *formal* or *informal* ties, such as ownership, interlocking directors, or family, kinship (e.g., Carney et al., 2011; Chung & Luo, 2019; Holmes et al., 2018); (iii) usually, each business group features a *common central management* responsible for *control* and *coordination of objectives* (e.g., Barbero & Puig, 2016; Locorotondo, Dewaelheyns, & Van Hulle, 2012; Yiu et al., 2007), and finally, (iv) develop their *broad scope* of *activities* in *unrelated* industries (e.g., Carney, 2008; Chung & Luo, 2019; Khanna & Yafeh, 2007). Therefore, almost all theoretical definitions encompass these traits of business groups. Besides the existing definitions, we also classified the theoretical framework applied in these selected articles. Institutional theory, transaction costs theory (Coase, 1937; Williamson, 1975) and social capital (Granovetter, 2005; Mizruchi, 1994) are among the most employed theories in existing publications.

4.2. Empirical identification of business groups

While the conceptual definition of business groups is quite cohesive, there are significant challenges to its empirical identification. According to the results from the coded empirical articles in our database, interpreted above, we find that scholars rely mainly on *independent* sources containing business groups' affiliation. When this kind of *independent* sources of business groups' affiliation is not available, the scholar has to come up with an empirical identification, which sometimes is difficult to obtain due to several reasons. First, empirical research on business groups requires collecting data on the vast network of relationships among firms. For some countries, databases of business groups affiliation are provided and even required by law to be publicly disclosed (e.g., Fisman & Khanna, 2004; Khanna & Rivkin, 2001), but this is rare. Second, the heterogeneity of accounting regulation worldwide does not bring an accurate measure and may induce

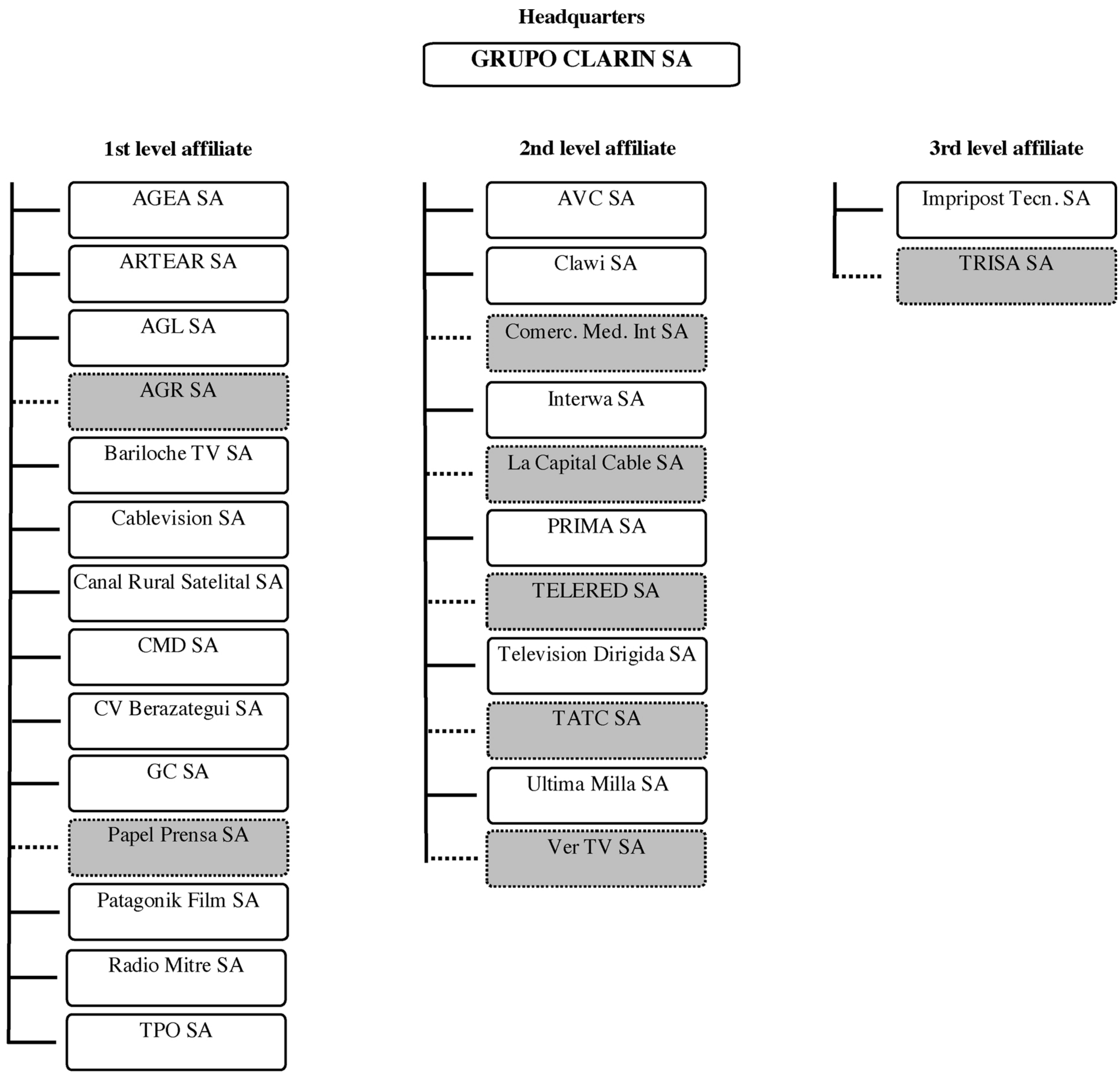

Fig. 1. Business group depiction by two different criteria.
Fig. 1 represents the business groups' tree of *Grupo Clarin*, leading group of media communication in Argentina. Solid lines show the ownership links between the headquarters and their affiliates, based on the more than 50 % criteria. Fig. 1 also depicts the hierarchical level of affiliates within the business group. *Grupo Clarin SA* head the business group structure, as the headquarters. *AGEA SA, ARTEAR SA* or *CMD SA*, among others, are in the first level of the hierarchy. They are owned directly by the headquarters. However, *Clawi SA* and *Interwa SA* are affiliates of second level. They are owned by affiliates of first level, in this case by *CMD SA*. In the third column of the Fig. 1, affiliates of third level are depicted. Dashed lines show firms applying the interlocking directorates' criteria. *Papel Prensa SA* and *TRISA SA* are affiliates of *Grupo Clarin* because of interlocking directors. Information about business group composition has been corroborated with group website http://grupoclarin.com/ir/Informacion-Corporativa/Estructura-Corporativa and other webpages https://mapademedios.com.ar/2017/11/29/grupo-clarin/

a bias in the generalization of results[4] . Along with this issue, access to data with information about consolidation is restricted. As a consequence of this dependence on secondary data sources, research on business groups has underrated the analysis of some countries –where business groups databases are non-existent or the access is limited- or is anchored in the study of large business groups.

In this sense, we stress the opportunity of exploiting massive datasets and cross-country samples. Although there have been a few previous attempts to the use of this type of datasets (e.g., Belenzon, Hashai, & Patacconi, 2019; Masulis et al., 2011), we encourage drawing on systematic methodological identification of business groups, benefiting from advanced computing capabilities. There are some types of horizontal business groups (e.g., horizontal *keiretsu* in Japan, or *guanxi qiye* in Taiwan) with informal links, such as family or ethnic ties, which are not suitable for this kind of analysis. They rely more on informal horizontal connectedness among member firms and they are closely managed as strategic networks (Yiu et al., 2007). However, business groups with a clear hierarchy and linked by formal ties (e.g., ownership ties or interlocking directorates) may be analyzed by the application of an algorithm in very large databases. Interestingly, Masulis et al. (2011) find high accuracy of their systematic procedure checking their business groups with other independent sources of business groups affiliation in

[4] Unless a firm is required to adopt International Accounting Standards (IASs) depending on the home country decisions, each firm may use home jurisdiction's standards. In the case of Spain, IASs are required for domestic public companies and permitted or required for foreign listed companies. For example, Spanish hotel business group Melia uses IASs because it is a listed business group, but Barceló hotels as a non-listed business group may present its accounts following Spanish accounting regulation.

different countries. Furthermore, a systematic identification may lead to answer some appealing research questions, as for instance those related to the analysis of the structure of business groups across countries. This is discussed in the future research section.

However, the use of algorithms to systematically identify business groups is not exempt of limitations. Although this type of method may offer cross-country comparisons, for researchers keen on studying business groups in a single country –as for instance, India- it may be more precise to rely on given databases. Indeed, the systematic identification with algorithms widens the number of business group identifications at the cost of being less precise than other identification methods based on several exclusive sources of information, such as interviews with executives.

With regards to our algorithm, it is capable of dealing with very large raw databases of firms and may expand the analysis of business groups' configurations worldwide. We use a database (Orbis) containing information about freestanding firms and data on their ownership structure, and their board characteristics. Previous attempts to empirically capture a business group using algorithms and massive databases are based on ownership ties (e.g., Belenzon et al., 2019; Masulis et al., 2011). For example, Masulis et al. (2011), focused on ownership links between shareholders and firms, establish a threshold of 20 percent of ownership by a shareholder to identify the ultimate owner of the business group, and they consider all the firms under the same ultimate owner like the member firms of the same business group. However, we also consider Khanna and Rivkin's work (2006), which find that interlocking directorates may also be considered a boundary on the identification of business groups –although they apply a given configuration of business group affiliation from a secondary database instead of directly identifying them. Therefore, our criteria is based on both: ownership (Belenzon et al., 2019; Masulis et al., 2011) and interlocking directorates (Khanna & Rivkin, 2006).

The first step of our algorithm is to detect the headquarters in the apex of the structure. The headquarters are firms not owned by another firm. The second step is to detect all affiliated firms. We apply the ownership criteria assuming that a firm belongs to a business group (headquarters) if there is a majority ownership link higher than 50 % among them. The 50 % threshold avoids the double counting dilemma, when a firm may belong to two different business groups, although it may be relaxed (e.g., 20 % of ownership) in order to match a set of identified business groups. We also apply a second criteria, the interlocking directors between firms, which also provides formal relevant information for group structures even under ownership links below the majority threshold. We assume a formal link whenever there are a significant proportion of interlocked individuals; therefore, a firm can be controlled with ownership links lower than 50 % through the interlocking among directors. Therefore, we reinforce the sense of control by introducing further requirements about the interlocking. For example, to include a firm in a business group, at least 20 % of their directors must have positions in boards of other firms within a business group.

Fig. 1 represents a graphical depiction from an example of a hierarchical business group with formal ties, *Grupo Clarin*, the largest media business group in Argentina, achieved after computing our algorithm. Solid lines show the ownership links between the headquarters and their affiliates, according to their hierarchical level within the organizational structure. These ownership links are based on the more than 50 % criteria. Dashed lines show firms applying the interlocking directorate criteria. Our identification of business group appeals for this type of example, where we retrieve firms in a business group when the ownership tie is under the 50 % of control. In this case, we consider the sense of control through interlocking directorates. The combination of ownership and directorship ties criteria helps to overcome the lack of information about ownership block holding in raw datasets. In Fig. 1, we can appreciate how business group boundaries differ depending on the criteria applied –firms in gray boxes would have not been identified as affiliated firms without the interlocking criteria. In this sense, our algorithm reinforces the empirical identification of business groups by mapping an extensive network of firms tied by formal links. This example comes from a raw data with more than 800,000 business groups located across more than 100 countries. When we expand the sample with the interlocking director relationships among member firms, the average number of firms per business group increases in 14 %. We think this refinement of the business group identification can truly advance what we measure and what we study.

In summary, our script computing the empirical identification of hierarchical business groups with formal ties (ownership and interlocking directors) contributes in three ways. First, we are able to deal with the problem of constrained data access on business groups' affiliation, usually unavailable in developed economies and also for small business groups. The algorithm eases the identification of business groups from a database with information about stand-alone firms. Second, we advance the methodological approach by Masulis et al. (2011) and Belenzon et al. (2019) by adding the interlocking directorate criteria. Although the ownership criteria have been applied before, we simultaneously apply ownership and directorship ties in large datasets, with a massive number of firms from across the world. Third, our algorithm allows us to reconstruct the structure of business groups hierarchically. For instance, monitoring function by headquarters on affiliated firms could be different depending on the level within the hierarchy of a business group (e.g., Chung & Dahms, 2018).

Lastly, it is relevant to note that our algorithm may help to expand research on internationalization and business groups in cross-country analyses, including developed countries and also small business groups which have been typically neglected.

5. Lines of future research

Based on our empirical identification, studies including a large number of hierarchical business groups with formal ties across countries may offer a better understanding of how they map around the world. This is a necessary step to move the field forward, since our proposed identification strategy may overcome the lack of available data on business groups' affiliation. In other words, adopting fine-grained empirical measures of these business groups, scholars could answer some of the prominent future research questions suggested in this section.

Business groups in obliviousness. Most of the literature reviewed in this study is focused on the effect of business groups on internationalization, but there is little evidence on how the internationalization of firms leads to the emergence and structure of business groups. Only the work from Chittoor and Ray (2007), in which they conceptually identify different patterns in the internationalization strategies of Indian business groups, explores the internationalization of business groups.

Therefore, we call for more research shedding light on how internationalization affects different business groups' emergence and configurations. In particular, we highlight three potential research avenues. First, it would be important to uncover the determinants of the decision of business groups' formation. Our literature review reveals that many business groups were formed to overcome market imperfections, such as weak factor markets and weak institutions (Holmes et al., 2018). Based on this economic reason and grounded in several theoretical perspectives such as institutional theory, resource-based view and transaction cost theory, business groups emerge as a response to weaknesses in these factor markets and institutional voids by establishing internal markets (Douma et al., 2006; Holmes et al., 2018; Khanna & Palepu, 2000; Leff, 1978; Singh & Gaur, 2009). Drawing on agency theory, business groups may appear as a result of ownership concentration in hands of founding families, with control motivations (Masulis et al., 2011) and through the use of pyramids and complex cross shareholdings (Almeida & Wolfenzon, 2006). Besides these theoretical arguments, internationalization may also lead to the emergence of small business groups, especially in the context of developed countries (Lechner & Leyronas, 2009).

Second, it would be interesting to evaluate the impact of different institutional contexts on the organizational structures of international hierarchical business groups. For example, Chung and Dahms (2018) find that indirect ownership may be better than direct ownership in some circumstances when Taiwanese multinational family business groups grow with affiliates in a foreign country. Therefore, when a business group expands their scope by going abroad, which organizational structure do they adopt? Do international business groups use vertical structures or flat ones? With formal or informal ties? Which characteristics do explain their complexity? Do business groups build around financial firms or investment offices? From a comparative point of view, do institutional factors affect in the same way domestic business groups as internationalized business groups?

Third, examining the corporate governance structure within business groups is also a potential field of study, beyond the focus on ownership and its relationship with internationalization and business group (Filatotchev & Wright, 2011). Although there have been some contributions analyzing a broader perspective of corporate governance in business groups (e.g., Chung & Luo, 2013; Singh & Delios, 2017), a complete examination of corporate governance mechanisms inside business groups and its relationship with internationalization is lacking. For instance, to study how boards are structured inside business groups and to investigate how the director's flows between headquarters and foreign affiliates work opens an untapped avenue of research. Belderbos and Heijltjes (2005) by analyzing the determinants of the presence of expatriates in the boards of foreign affiliates represent a first attempt in this line of research. Moreover, by integrating agency theory and resource-based view, it would be appealing to capture the role of interlocked directors in the international landscape of headquarters and affiliates and differentiate their main functions: monitoring (Kim, Prescott, & Kim, 2005), advising (Hillman, Cannella, & Paetzold, 2000) or both (Hillman & Dalziel, 2003; Kim, Mauldin, & Patro, 2014). Furthermore, connecting international ownership structures with corporate governance practices (Aguilera & Crespi-Cladera, 2016) in the context of business groups also emerges as a field of research to better understand the relevance of this kind of organizations. Lastly, to move forward on the work from Desender, Aguilera, LopezPuertas-Lamy, and Crespi-Cladera, (2016) exploring the relationship between board monitoring and foreign ownership introduces another research opportunity. Desender et al.' findings (2016) suggest that board monitoring is only activated when shareholder-oriented foreign ownership is high and that the influence of foreign ownership is especially strong in firms without large domestic owners. It would be interesting to test to what degree business groups are more resilient to these foreign pressures and in particular, internationalized business groups.

An appeal to business groups by developed economies. We encourage business groups' scholars to integrate cross-country databases in their analysis of business groups. So far, business groups research has focused on a group of countries, generally associated with developing economies (Chittoor, Kale et al., 2015). However, business groups appear in both developed and developing countries (Collin, 1998) and occupy a relevant place in both economies around the world (Manikandan & Ramachandran, 2015: 613).[5] Business groups emerge in developed economies as a result of entrepreneurial activities, product and international diversification (Lechner & Leyronas, 2009), although institutional weakness may also generate business groups in developed economies (Belenzon, Berkovitz, & Rios, 2013). The mapping of cross-countries configurations of business groups, based on large international datasets, would disentangle the developing-developed countries' puzzle, and may offer more generalizable results for the global phenomenon of business groups.

Additionally, while the literature on emerging markets is heavily focused on large business groups, Lechner and Leyronas (2009) point out the relevance of small business groups in developed economies, finding their existence related to national and international growth. Thanks to the empirical identification on massive databases researchers may overcome the conventional focus on large business groups (especially in emerging countries) and provide information on the less-known small business groups, either in developed or emerging economies.

We have uncovered in this review the necessity of cohesion between home and host contexts as a key for success when firms decide to move abroad (Garg & Delios, 2007; Tan & Meyer, 2010). According to this IB lacuna, it would also be interesting to understand the shift from competitive disadvantages into advantages of emerging economies' business groups when they operate in developed countries, as it is the case of South Korean *chaebol* Samsung beating Apple in the global smartphone sales (Forbes, 2018). Moreover, the rise and entry of Asian companies into the European market is forcing European companies to adapt to the new contingent setting (The Guardian, 2017). How emerging economies firms react to the entry of developed economies MNEs has been widely studied in the literature (e.g., Ayyagari et al., 2015). However, a response in the opposite direction, especially by business groups of developed economies, would constitute a prominent avenue of research.

The dark side of business groups. Do business groups that internationalize engage in unethical strategies, such as tax evasion or irresponsible business practices outside their home country? Is the business group structure well-suited for such practices? Our review shows how internationalization is positively related to the practice of holding offshore companies in tax heavens, although the practice is less pronounced for business groups with prosocial orientation (Su & Tan, 2018). Moreover, in the case of multinationals, Surroca et al. (2013) show how they conduct irresponsible corporate social responsibility practices only in institutional environments with weaker institutional enforcement when they internationalize. To analyze this mimetic strategy to benefit from the institutional shortages constitutes a virgin pathway of future research worth exploring.

Political connections of business groups. Political connections are relevant to overcome the risk of unfavorable political decisions (Cooper, Gulen, & Ovtchinnikov, 2010; Tihanyi et al., 2019), especially in less developed economies, with weak institutions (Leuz & Oberholzer-Gee, 2006). Research included in this review has shown that business groups are in a better position to obtain and to manage political connections (Lu & Ma, 2008). The political perspective of business groups indicates that business group membership may add value to affiliated firms thanks to the political capital and the access to political agents in the host country (Kock & Guillen, 2001; Yiu, Bruton, & Lu, 2005). Accordingly, in many situations political connections are obtained by hiring politicians as board directors (Pascual-Fuster & Crespí-Cladera, 2018), either in the host or home country. Additionally, pyramidal control structures could be used to allocate benefits and costs of the political connection (Okhmatovskiy, 2010) according to the interest of the controlling shareholders. These insights from the literature open a pair of fruitful avenues of research. First, academics may focus on how business groups must establish political connections in the host country when they internationalize, therefore modifying their board structure with the hiring of politicians directors. Second, scholars may analyze if business groups affiliation, thanks to their access to policy makers, has a positive impact on foreign firms value when they enter business groups' local countries. To the best of our knowledge, there is only one article from (Lu & Ma, 2008) linking the value of business groups partnership

[5] For example, researchers have identified their existence to be related to developed economies such as Sweden (Collin, 1998), to developing economies such as India (Chittoor, Kale et al., 2015; Manikandan & Ramachandran, 2015), Taiwan (Mahmood et al., 2017), South Korea (Guillén, 2000), and to economies in transition such as Russia and China (Keister, 1998; Khanna & Rivkin, 2001).

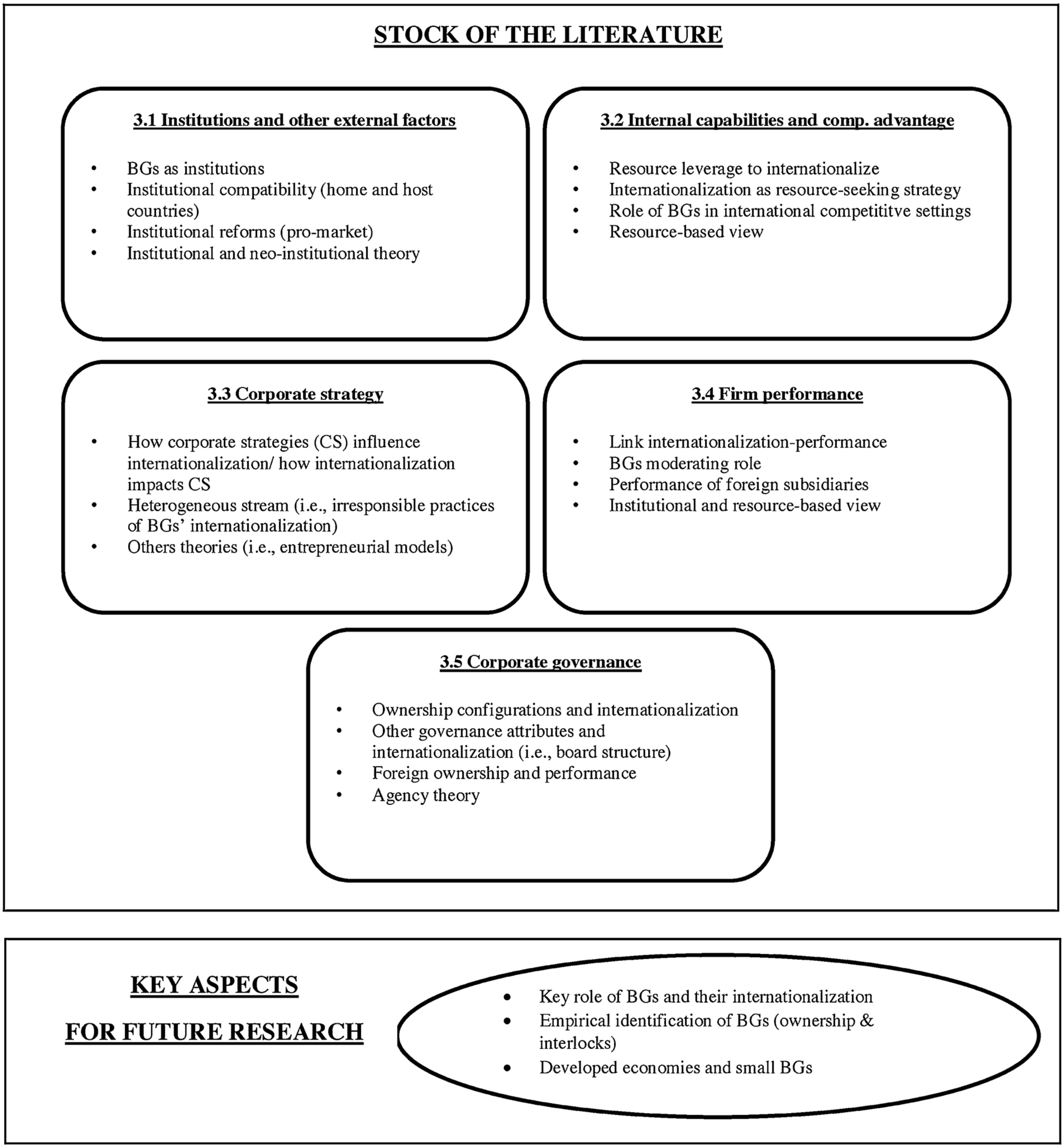

Fig. 2. Synthesis of the review in business groups and internationalization literatures.

of IJVs; therefore, some research effort is needed.

Another promising avenue to advance research on the intersection between business groups and political connections would lie in the link between ownership type of business groups and the prevalence of political ties. The nature of the agency conflict differs among family-owned and wide-spread business groups, and to study what the outcomes are of these ownership type differences is a novel and prominent pathway. Moreover, motivated by the contingent value of being local (Taussig & Delios, 2015), to analyze whether business groups with local ownership outperform foreign-owned business groups due to strong political connections could constitute another interesting new line of research.

The persistence of mixed results. Findings in some sub-categories of this systematic literature review of business groups and internationalization show a lack of consensus, emerging from mixed results between the articles.

In the sub-category of *internal capabilities and competitive advantage*, there is still room for consensus, since it is not clear whether business group membership leads to internationalize more (e.g., Chari, 2013) or less (e.g., Hundley & Jacobson, 1998) by using shared resources. Furthermore, in our *corporate strategy* sub-category, the results from a few articles do not clarify whether the effect of internationalization on innovation strategies is positive (e.g., Chittoor, Aulakh, Aulakh et al., 2015) or negative (e.g., Mahmood & Zheng, 2009). Additionally, the relationship between internationalization and performance and the moderating role of business group affiliation, discussed in our *firm performance* sub-category, has provided unclear results. We do not know yet if the link between these concepts follows a linear (positive or negative) (e.g., Geringer et al., 2000) or a quadratic (U-shaped or inverted U-shaped) (e.g., Ma et al., 2014) relation. Finally, there is also room for further research exploring the effect of foreign ownership on firm performance, under our *corporate governance* sub-category. The stock of the literature so far has not been able to clarify whether foreign investors lead or not to the achievement of a better firm performance (e.g., Choi et al., 2007; Gaur & Delios, 2015).

We point out that probably this lack of consensus is due to the application of different samples and contexts –although there is a strong presence of studies mainly in emerging economies- and the variance of structure of business groups across countries. Owing to this drawback, we encourage scholars to use cross-country samples, from emerging to developed economies, in order to offer more generalizable results. We think that our empirical identification of business groups may contribute to the widening of research in this sense.

Fig. 2 summarizes the review on business groups and internationalization literatures, according to the main issues within the five sub-categories from section 3. The implication of this figure for advancing future research is threefold. First, we need further comprehension of the role of business groups and their strategy of internationalization. Second, we stress the importance of the effective identification of business groups across countries, as most of the empirical studies in this research are targeted to single countries. Third, we claim for further research on business groups in developed economies, specially focusing on small business groups, as most of the studies are still anchored in emerging economies. We find that current research considers these small organizations in the shade of large business groups, which are the economic relevant players in most of the economies around the world.

6. Conclusion

This literature review offers the current state of the art of research combining internationalization and business groups. We argue that further understanding of business groups' internationalization strategies is required to balance the intersection between these two research domains. Moreover, we propose to improve the empirical identification of business groups by returning to the roots of the organizational unit, which is collecting data from freestanding firms on ownership thresholds and directorship interlocks. By offering avenues for future research, we hope to stimulate IB scholars to move forward on these emerging themes.

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Appendix A. Supplementary data

Supplementary material related to this article can be found, in the online version, at doi:https://doi.org/10.1016/j.jwb.2019.101050.

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