Internationalisation of Indian Family Firms

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DECLARATION

I hereby declare that the work reported in the Ph.D. thesis entitled **"Internationalisation of Indian Family Firms"** submitted to Delhi School of Management, Delhi Technological University, is an authentic record of my work carried out under the supervision of Dr. Sonal Thukral and Prof. Justin Paul. I have not submitted this work elsewhere for any other degree or diploma. I am fully responsible for the contents of my Ph.D.

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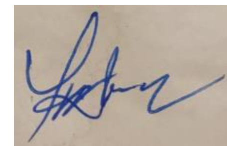
CERTIFICATE

This is to certify that the work embodied in the thesis entitled **"Internationalisation of Indian Family Firms"** is done by Apoorva Jain as a Full-time scholar in the Department of Delhi School of Management, Delhi Technological University and is the original work carried out by her under our supervision.

This work is based on original research, and the matter embodied in this thesis has not been submitted earlier for the award of any degree or diploma to the best of our knowledge and belief.



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ABSTRACT

In India, the history of family businesses dates back to 1920s and 30s. India predominantly has family run businesses since every state and region in India has family business owned communities (Dewan, 2021). Further, globally, India stands at the third position in terms of family-owned businesses, only after China and the US (Credit Suisse Research Institute, 2018). Despite the significant contribution of Indian family firms to the nation's GDP, there is dearth of literature that explores and analyses the impact of factors that help in explaining the internationalisation of Indian family firms. Although, there are a few research articles on Internationalisation of Indian family firms, but these articles have adopted a narrow approach wherein, either the focus was solely on family-related factors (e.g., Ray et al., 2018) or solely on business-related factors (e.g., Singh & Kota, 2017). Thus, the present thesis addresses this gap by undertaking a comprehensive analysis of the factors affecting the internationalisation of Indian family firms.

In order to fill this gap, the study employs *mixed methodology*. Since internationalisation of Indian family firms is an under researched area, there is no adequate literature or theory explaining the internationalisation of Indian family firms. Consequently, at the *first Stage*, *qualitative approach* was employed to explore the factors affecting the internationalisation of Indian family firms through in-depth interviews of directors/managers of Indian family firms. The interview analyses identified various peculiar family characteristics, business group-related factors, and organisational factors in explaining the family firms' degree of internationalisation as well as their foreign market entry mode strategies. The results of the interview analysis revealed that these factors behave differently in family SMEs in comparison to large family firms. It was observed that peculiar family characteristics such as family control, family bonds, emotions, relationships, etc. play a greater role in family SMEs. This is because, family SMEs are characterised with greater involvement of family members in firms' decision-making process, hence these factors hold greater predominance in family SMEs. While in large family firms, beyond a particular juncture, it becomes difficult for family members to manage the operations of the firm. Hence, they tend to employ non-family members from outside to manage the firm's operations. Consequently, they are characterised with a lower degree of "familiness" wherein peculiar family characteristics become less significant and other firm-related factors start playing a greater role.

Finally, at the *second stage*, *quantitative approach* was employed to analyse the impact of these factors *(identified in Stage 1)* on Indian family firms' degree of internationalisation as well as their foreign market entry mode strategies through regression analysis.

Another novelty of the study lies in employing mixed methods in the data collection process wherein certain variables were measured through quantitative method while others were measured through qualitative method. The data for certain variables – family ownership, age of the family business group, business group affiliation, etc. were readily available in the Prowess database, hence quantitative method was adopted to collect data on these variables. However, data for certain variables – family members' involvement in the board, socioemotional wealth, family generation, international experience, board education, and board experience, were not available in any database. Consequently, the researchers created the data for these variables using the qualitative approach from RBI reports, company websites and

annual reports. Thus, the qualitative method aided in measuring those variables which are otherwise difficult to capture, particularly peculiar family characteristics. Consequently, the inclusion of such variables helped in creating a holistic framework in explaining the internationalisation of Indian family firms.

Overall, the results for family firms' degree of internationalisation indicate that all these factors i.e., peculiar family characteristics, business group-related factors and organisational factors play a significant role in determining the Indian family firms' degree of internationalisation. Further, there are some significant findings of the thesis which indicate that the most variable in explaining the internationalisation of family firms is family members' involvement on board. Consequently, it is observed the presence of "familiness" in family firms distinguishes their internationalisation decisions from that of non-family firms. These firms realise that internationalisation will demand the employment of external financial and human resources. The presence of external funds and human resources will dilute the family control and wealth in the business. Consequently, family members have the fear of family wealth erosion and dilution of family control, thus they refrain from undertaking internationalisation activities. Another significant finding of the study indicates that family ownership, one of the important peculiar family characteristics, does not play a significant role in determining the internationalisation decisions of Indian family firms. Various researchers in past (e.g., Basly, 2007; Boellis et al., 2016; Pogelli et al., 2019) have defined family firms merely on the basis of family ownership. This finding in itself raises a question on the definition of family firms. *Is family ownership solitary enough to define a family business? Or is it also important to ensure the involvement of the family members in the firm's operations?* It is imperative to understand that family ownership alone does not imply that family is influencing the decision-making of the organisation. Thus, active involvement of family members in the firm's operations play a crucial role in determining the "familiness" in the business.

However, the results for family firms' foreign market entry mode choice indicate that the overall model is not significant. Further, none of the independent variables has a significant impact in determining the entry mode strategies of family firms. Thus, it was observed that a complete model requires more variables in order to explain the entry mode decisions of family firms. Perhaps these entry mode decisions are based on host and home country factors. However, the focus of this study was to examine the role of peculiar family characteristics, business group-related factors and organisational factors in explaining the foreign market entry mode strategies of family firms. Thus, country-specific factors were outside the scope of this study. Consequently, it presents a great opportunity for the researchers in future to incorporate these home and host factors in the complete model to examine the family firms' entry mode strategies.

The study has certain limitations – (i) The data for various peculiar family characteristics was not available for the past years, hence, researchers had to limit the study to cross-sectional analysis for the FY 2020-21 rather than undertaking a panel data analysis; (ii) Due to the unavailability of data with respect to small family firms, the researchers could not empirically undertake the comparison of the factors impacting the internationalisation of large vs small family firms; (iii) Due to the data limitation, the entry mode data was limited to WOS and JV.

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CHAPTER 1

INTRODUCTION

1.1. Introduction

The opening chapter provides an outline of the research study undertaken. The chapter introduces the concept of family firms across the globe and the concept of family firms' internationalisation. The chapter then enlists the rationale and objectives of the study and the methodology adopted to achieve these objectives. Finally, the chapter summaries the work done in each of the chapters of the thesis.

Around the globe, two-third of all the businesses are owned and/or controlled by families. They contribute nearly 70-90% to the global GDP annually and create 50-80% jobs worldwide (Kanwar, 2018). According to a survey done by EY and University of St. Gallan in 2023, the largest 500 family businesses employ 24.5 million people and generate US $8.02 trillion in revenue. Consequently, together they make third largest economic contribution (after the US and China) in the world by revenue. Thus, family firms are vital for the growth and well-being of every country's economy (Robertsson, 2023).

According to a survey done by EY and University of St. Gallan in 2023, among the top 500 family businesses across the globe, family businesses from the United States generates the maximum revenue of US $2.72 trillion, followed by Germany (US $1.13 trillion), France (US $0.50 trillion) and India (US $0.36 trillion). Family businesses play an imperative role in the growth and development of the economies worldwide. For instance, in United States, one-third of S&P 500 firms are owned and/or controlled by families contributing 64% to the nation's GDP. These family firms employ 62% of USA's total workforce and account for 89% of total tax returns (Kanwar, 2018). In Europe too, family businesses are considered as economic powerhouse of the nation since half of top 500 family businesses in the world are based in

Western Europe (Kanwar, 2018). Further, in the Asian region (excluding Japan), India, China, and Hong Kong dominate the list of family-owned businesses with the combined market capitalisation of US $2.85 trillion. Chinese family businesses account for market capitalisation of US $1.4 trillion, Indian family firms account for US $839 billion, and Hong Kong family firms has a market capitalisation of US $633 billion (Credit Suisse Research Institute, 2018).

Further, family businesses outperform their non-family-owned counterparts in every sector, every region, and in every size (Credit Suisse Research Institute, 2018). For instance, in the non-Japan Asian region alone, family firms generated 25.63% higher cash flow return on investment than their non-family counterparts. Similarly, family firms generated 4.2% higher annual average share price return in comparison to their non-family counterparts (Saligrama, 2018). The outperformance of family firms is maybe due to their long-term orientation in order to pass the legacy to the future generation. Family members exhibit a greater desire to secure employment in their family business for future generation family members (Vishwanathan, 2018). Consequently, family firms have reported superior growth rates in contrast to non-family firms by incorporating greater efficiency and agility in their decision-making process (Rij, 2018). Thus, the statistics indicate the significant contribution made by the family businesses across the globe. They not only boost the GDP of the economies but also generate significant employment opportunities for the nation’s workforce.

Family firms are treated differently due to the presence of “familiness” in family businesses which makes their strategies and decision-making process different from non-family firms. Familiness is defined as the “interaction between the family, its individual members, and the business” (Habbershon & Williams, 1999). Family firms are built on family values and principles and are deep rooted in kinship, trust, brotherhood, and integrity. These values and principles help them in building goodwill and trustworthy relationship in the society (Sood, 2022). Thus, due to these peculiar family characteristics, family firms exhibit different

organisational behaviour, goals, investment preferences, and risk-taking propensity as compared to non-family firms (Kotlar et al., 2014). Consequently, it becomes imperative to understand the role of these peculiar family characteristics in family firms' decision-making process.

1.1.1. Emerging Market Family Firms vs Developed Market Family Firms

Family firms from emerging economies present a distinctive context in comparison to developed markets' family firms due to differences in regulations, institutions, and culture. The Boston Consultancy Group conducted research on family firms in emerging markets as well as developed markets and highlighted the contrast between the two. It was observed that family firms in emerging markets are often more cohesive, much larger, and more respectful of family hierarchy than family firms in developed markets. Further, emerging market family firms exhibit different family characteristics and cultural aspects in comparison to developed market family firms with respect to family ownership, family members' involvement in management, succession plan, etc. The emerging market family firms consider family in a broader term which includes family relatives and in-laws. Moreover, emerging market cultures are often less individualistic in nature in comparison to those in developed markets (Bhalla, 2016).

- ***Family Ownership and Management***

It is observed that only 5% of the largest enterprises in developed economies like the US and the UK are owned by families. This indicates that the founders of these large enterprises do not pass on the management control to the family as evident in big technology companies like Google, Microsoft, or Apple. However, in the case of emerging economies like India or Indonesia, more than 40% of their largest companies continue to operate as family businesses (Sinha, 2019). Further, in the case of emerging market family firms, family members are more likely to be involved in managerial roles wherein it was found that 90% of the family firms in

India are directly managed by family members. However, family members in more than 60% of the European and US family firms are mere investors without holding any managerial responsibility. Also, the involvement of family members in the management of the family business has evolved differently for family firms from emerging markets and developed markets. In the case of developed markets, family members' involvement in management has declined over the years. Consequently, the status of the family members has evolved from owner-managers to owner-investors to passive investors since non-family members are employed to handle the complexity of the growing family business. However, in the case of emerging market family firms, family members have become more actively involved in their family business over the years (Bhalla, 2016). Such differences in the ownership style can be explained due to the differences in social norms, the depth of capital markets, and the maturity of economic institutions. The family unit in emerging economies like India and Indonesia is much stronger than in developed economies like the US and the UK. For instance, in India, the Hindu philosophical tradition is influenced by the stories of Mahabharata and Ramayana which focuses on social norms and family values. The family values in India emphasise the culture of the joint family system wherein working children often live with their parents. Indonesia too has close knitted families which act as strong family units. In contrast, developed economies like the US and the UK follow the philosophical concept of individualism. Children in business families often do not live with their parents to pursue their careers. Consequently, it results in either selling the family business or employing non-family managers to handle the business operations. Further, capital markets in developed economies are more mature than emerging economies, which makes it easier for the developed market business families to find a buyer and cash out their family business (Sinha, 2019).

- ***Expansion Plan***

It is observed that family businesses in emerging markets are more ambitious and are likely to look for rapid expansion. In contrast, developed market family firms take a more conservative approach to their performance and focus more on sustaining the business (Bhalla, 2016). Thus, these developed market family firms grow slowly, take fewer risks, pursue smaller mergers and acquisitions, and take on less debt. While family firms from emerging economies pursue aggressive growth opportunities and are willing to accept greater risks. A report by PwC in 2021 also indicates that 40% of the family firms in India and the Middle East, and 57% of family firms in China aim to expand aggressively over the coming years (PwC, 2021). While, in case of developed economies only 16% of family firms in the US, 8% in the UK, and 5% in Germany aim to undertake aggressive expansion plans (Barnato, 2014). This may be because emerging market family firms are under pressure to seize the untapped opportunities to be able to compete with developed market family firms at the global marketplace.

- ***Market Reputation***

In emerging markets, the very fact that they are *'family'* businesses, prove to be advantageous for the organisation. In such markets, corporate identity and commercial laws are less developed, hence, doing business on behalf of the family places greater accountability on firms. Consequently, greater family values are observed to prevail in the board members and top managers of emerging market family firms. Such values help in developing family reputation and social standing in the market. They focus on developing personal relationships with stakeholders across the value chain. Consequently, a personal commitment from the owner of such a family business is highly trusted in the market (Björnberg et al., 2014). The reputation, personal relationships, and social standing help emerging market family firms to overcome the limitations of operating in emerging markets such as weak entrepreneurial ecosystem, human resources, limited financial resources, lack of experienced human resources, and obsolete technology.

1.2. The Concept of Family Firms' Internationalisation

Internationalisation is characterised as being the process of consistent involvement and participation in the overseas markets. With the advent of globalisation, family firms are realising the significance of making their presence abroad. Consequently, internationalisation of family firms is receiving a great deal of attention from various researchers. Despite its significance, results are still inconclusive and unclear with respect to the internationalisation of family firms. Past researches on family firms' internationalisation present an inconclusive view about whether the peculiar family characteristics and resources, fosters or hinders their degree of internationalisation (Arregle et al., 2017; De Massis et al., 2018; Pukall & Calabro, 2014). Family firms are often faced with the divergent objectives between their desires of being the conventional domestic firm on one side, while pursuing their internationalisation strategies on other hand, ultimately deterring their international expansion (Chrisman et al., 2005). While internationalisation aids in the acquisition of overseas resources and customers, it also brings uncertainty to the business operations due to unfamiliar market dynamics, thus rendering it a mixed gamble (Alessandri et al., 2018; Martin et al., 2013).

On one hand, it is often observed that family firms have the fear of losing their family control and power while expanding their operations abroad (Tsao et al., 2018). Due to the dread of losing Socioemotional Wealth (SEW)[1] i.e., 'the family members' social needs or various other non-economic benefits accruing beyond the financial rewards from running a business', family firms exhibit lower degree of internationalisation since it leads to sharing decision making authority with the foreign partners and suppliers (Gómez-Mejia et al., 2010; Pongelli et al., 2019). Thus, in order to preserve their economic and non-economic wealth like SEW, family firms avoid taking risky decisions like internationalisation (Calabro & Mussolino, 2013;

[1] Refer Chapter 7 and Chapter 8 for detailed understanding of Socioemotional Wealth

Jimenez et al., 2019; Ray et al., 2018). Another school of thought posits that family firms' desire to maintain long-term legacy has compelled them to expand their operations abroad since internationalisation has become imperative in order to sustain in the competitive integrated world economy (Claver et al., 2009; Zahra, 2003). Family members exhibit a greater desire to preserve their legacy for the future generation which calls for internationalising their operations in order to sustain and grow at the global marketplace. Thus, given the inconclusive results, it becomes imperative to explore and understand the factors which fosters or hinders family firms' degree of internationalisation.

Further, family ownership impacts the choice of foreign entry market decisions of family firms (Rienda et al., 2019). Again, results are inconclusive with respect to foreign market entry mode decisions of family firms. Drawing on SEW perspective, family firms are more concerned about preserving the family wealth and control and thus are reluctant to share their important information and decision-making authority with the foreign partners and suppliers. As a result, family firms prefer entering foreign markets through a greenfield strategy along with holding the entire equity ownership in the overseas subsidiary (Pongelli et al., 2019; Yamanoi & Asaba, 2018). Another view says that family firms prefer making initial entry through indirect entry modes which includes irregular exports or facilitating exports with the help of agents since these are the low-risk entry modes, in comparison to FDI (Kontinen & Ojala, 2010; Monreal-Perez & Sanchez-Marin, 2017). Yet another view posits that when family firms are strongly headed towards the goal of preserving SEW and maintaining the long-term legacy of family firms, they may be willing to undertake greater risks in the form of acquisition in order to reap the benefits of foreign partners knowledge, experience, and expertise in the foreign market. Thus, it becomes imperative to explore - How do *"peculiar family firm characteristics",* like SEW, shape the internationalisation strategies of family firms specifically with respect to their mode of entry strategies? Family firms differ from their non-family counterparts due to their

peculiar family characteristics such as their desire to maintain family control, preserve SEW and maintain emotional and social ties among family members. These characteristics stimulate the presence of "familiness" in family businesses, thus leading to different entry mode strategies from that of non-family firms. Thus, it becomes imperative to understand if these peculiar family characteristics lead to suboptimal or optimal decision-making in family firms and alter their foreign market entry mode decisions.

1.3. Rationale of the Study

Above discussion leads to the following rationale to undertake the present research:

- According to a report by Credit Suisse Research Institute (2018), globally, India stands at the third position in terms of number of family-owned businesses. Further, out of the top 50 profitable family-owned businesses, globally, 24 belong to Asia and in Asia, among the top 30 premier family-owned firms, more than 15 belong to India (Credit Suisse Research Institute, 2018). Despite the significance of family firms for the Indian economy, there is ***dearth of literature*** on the internationalisation of Indian family firms. As discussed already, Indian family firms contribute a total of 79% to the country's GDP (Sood, 2022), hence it becomes indispensable to understand the impactful perspectives in the internationalisation of Indian family firms.
- Internationalisation offers the firms with the untapped opportunities in the foreign markets. In this integrated and competitive world economy, it is nearly impossible for all the firms, with family businesses being no exception, to sustain and survive without making their presence at the global marketplaces. With the advent of globalisation, ***family firms are realising the significance of making their presence abroad*** and thus internationalisation has become the focal point of the majority of the family firms' business strategy.

- In India, the strong overlap between the family and the business system shapes the firms' strategic choices. Further, with respect to investments abroad, it is observed that outward FDI from South Asia, mainly from India, rose by 43 percent to $16 billion in 2021 (World Investment Report, 2022). With the liberalisation of overseas investment policies, FDI outflows from India have surged in recent decades. FDI outflows from India have risen from $2 billion in 2004 to $15 billion in 2021, constituting around 1% of the global flows (Gopalakrishnan et al., 2022). Thus, in recent years, Indian firms have been realising the importance of marking their presence in the global market in order to tap the opportunities.
- In the past 15 years, the rapid development of emerging market firms has emerged as a dominant research theme in international business literature, however, the internationalisation of emerging market family firms has received scant research attention. Although some attempts have been made to study the internationalisation of family firms from emerging economies like India, such as the impact of family ownership and management on family firms' internationalisation (Ray et al., 2018), and the impact of firm size and firm age on family firms' internationalisation (Singh & Kota, 2017), these studies have adopted a narrow approach in understanding the internationalisation of family firms from emerging economies like India. The focus of these studies was either solely on family-related factors (Ray et al., 2018), or solely on business-related factors (Singh & Kota, 2017). Thus, a comprehensive analysis of the factors affecting the internationalisation of Indian family firms is missing. Consequently, these are research gaps.

1.4. Objectives of the Study

The following are the research objectives:

1. To identify the patterns in the internationalisation of Indian family firms over the period 2008 to 2021
2. To evolve and measure factors that affect internationalisation of Indian family firms through qualitative methods
3. To model and estimate a mixed model based on qualitative and quantitative determinants of family-owned firms' OFDI in India
4. To assess the effect of these determinants on family firms' choice of foreign market mode of entry

Since, the focus of the Objective 1 is to understand the trends in the internationalisation of Indian family firms, the time period is taken as 2008 to 2021. However, the period of the study for Objectives 2, 3 and 4 are taken as 2020-21. The data for various peculiar family characteristics such as family members' involvement in board, SEW and family generation was not available for past years, hence, researchers had to limit the study to cross-sectional analysis for the FY 2020-21.

1.5. Data and Methodology

Due to dearth of literature the factors affecting the internationalisation of Indian family firms are still unknown. Thus, at the first stage, *'Qualitative Research Approach'* was employed to explore the factors affecting the internationalisation of Indian family firms through in-depth interviews of the directors and managers of small and large Indian family firms. The objective was to gain the preliminary insights on the internationalisation of Indian family firms. At this stage, the data was collected through primary method, wherein, a total of 12 interviews were conducted. Finally, the interview transcripts were coded using the content analysis method to identify the factors which affect the internationalisation of Indian family firms.

Once, the factors affecting the internationalisation of Indian family firms were identified at the preliminary stage, the *'Quantitative Research Approach'* was employed to analyse the impact of these factors on family firms' degree of internationalisation and their foreign market entry mode strategies on a sample of 88 Indian family firms. At this stage, mixed-methods were employed to collect the data on these factors, wherein the data for some variables were collected through the quantitative method *(family ownership, age of the family business group, business group affiliation, level of financial resources, and quality of human resources)* while for others variables, the data was created by the researchers through qualitative method *(family members' involvement in the board, SEW, family generation, international experience, board education, and board experience)*. Thus, the qualitative method aided in measuring those variables which are otherwise difficult to capture, particularly peculiar family characteristics.

Once the data for all these variables were collected through quantitative and qualitative method, the study employed the regression analysis method to analyse the impact of these variables on the internationalisation of Indian family firms for the period FY 2020-21. With respect to *Objective 3*, the study first employed Generalised Linear Model to analyse the impact of independent variables on family firms' degree of internationalisation. Subsequently, the study employed Generalised Binary Logit Model to analyse the impact of independent variables on family firms' degree of internationalisation ("High OFDI" and "Low OFDI"). Finally, for *Objective 4*, the study employed generalised binary logit model to analyse the impact of these independent variables on family firms' foreign market entry mode strategies. Finally, the study corroborated the findings from interviews, Generalised Linear Model, Generalised Binary Logit Model.

1.6. Hypotheses Development

The following are the hypotheses for family firms' degree of internationalisation as well as their foreign market entry mode choice:

H1a. Family Ownership has a significant negative impact on family firms' degree of internationalisation

H1b. As Family Ownership in the firm increases, they exhibit a greater preference to enter foreign market via WOS than JV

H2a. Family members' involvement has a significant negative impact on family firms' degree of internationalisation

H2b. As Family Members' Involvement in the increases, they exhibit a greater preference to enter foreign market via WOS than JV

H3a. SEW has a significant negative impact on family firms' degree of internationalisation

H3b. As family firms SEW increases, they exhibit a greater preference to enter foreign market via WOS than JV

H4a. Presence of multiple generation family members has a significant impact on family firms' degree of internationalisation

H4b. As the presence of multiple generation family members in the firm increases, they exhibit a greater preference to enter foreign market via WOS than JV

H5a. Age of the family business group has a significant impact on family firms' degree of internationalisation

H5b. As the age of the family business group increases, they exhibit a greater preference to enter foreign market via WOS than JV

H6a. Business group affiliation has a significant positive impact on family firms' degree of internationalisation

H6b. Business group affiliated family firms will exhibit a greater preference to enter foreign market via WOS than JV

H7a. Level of Financial Resources has a significant positive impact on family firms' degree of internationalisation

H7b. As the level of financial resources in the family firms increases, they exhibit a greater preference to enter foreign market via WOS than JV

H8a. Quality of human resources has a significant positive impact on family firms' degree of internationalisation

H8b. As the quality of human resources in the family firms increases, they exhibit a greater preference to enter foreign market via WOS than JV

H9a. International Experience has a significant positive impact on family firms' degree of internationalisation

H9b. As the family firms' international experience increases, they exhibit a greater preference to enter foreign market via WOS than JV

H10a. Board Education has a significant positive impact on family firms' degree of internationalisation

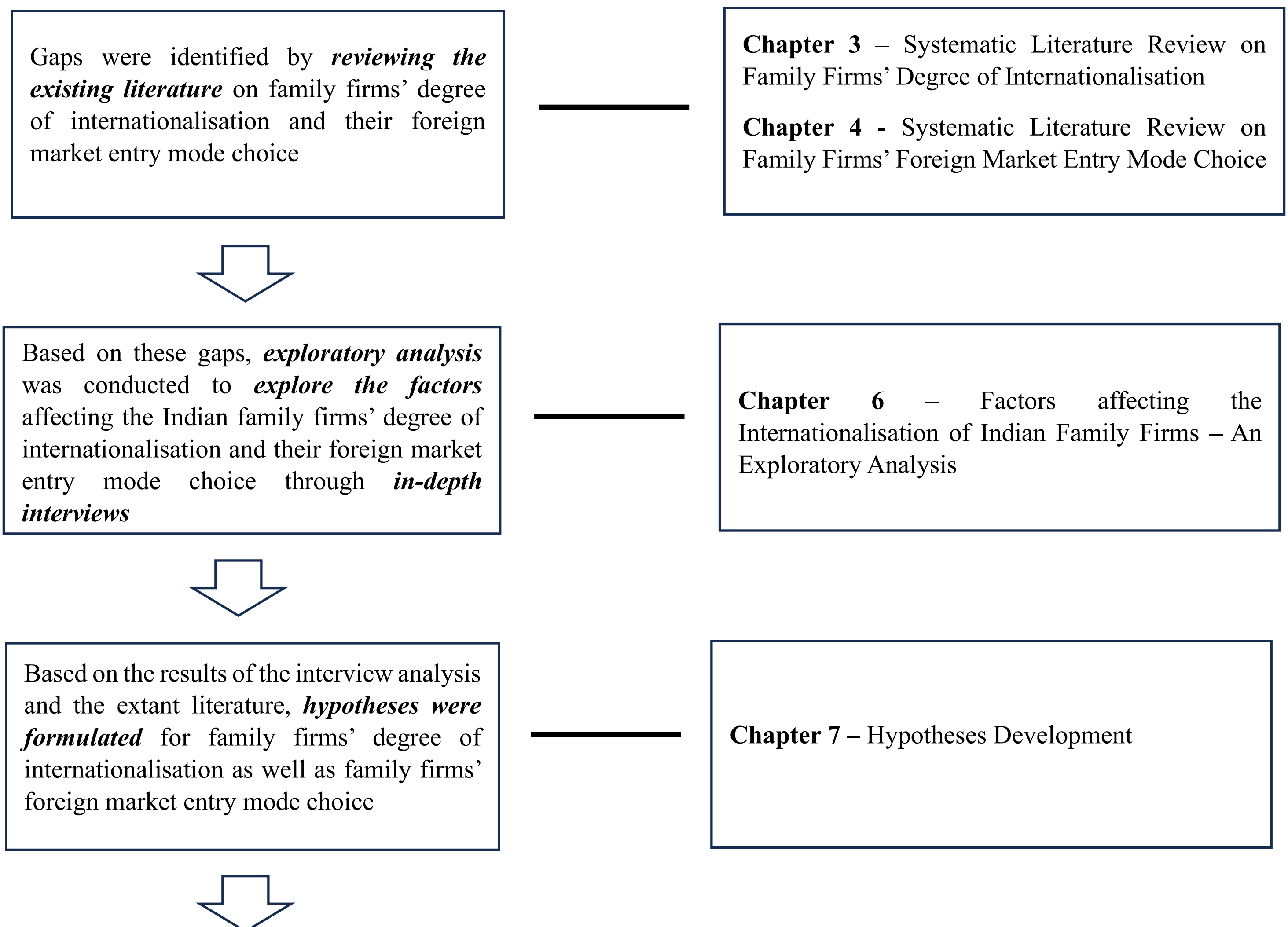
H10b. As the family firms' board education increases, they exhibit a greater preference to enter foreign market via WOS than JV

H11a. Board Experience has a significant positive impact on family firms' degree of internationalisation

H11b. As the family firms' board experience increases, they exhibit a greater preference to enter foreign market via WOS than JV

1.7. Summary of the Thesis

Figure 1.1 presents the summary of the thesis.



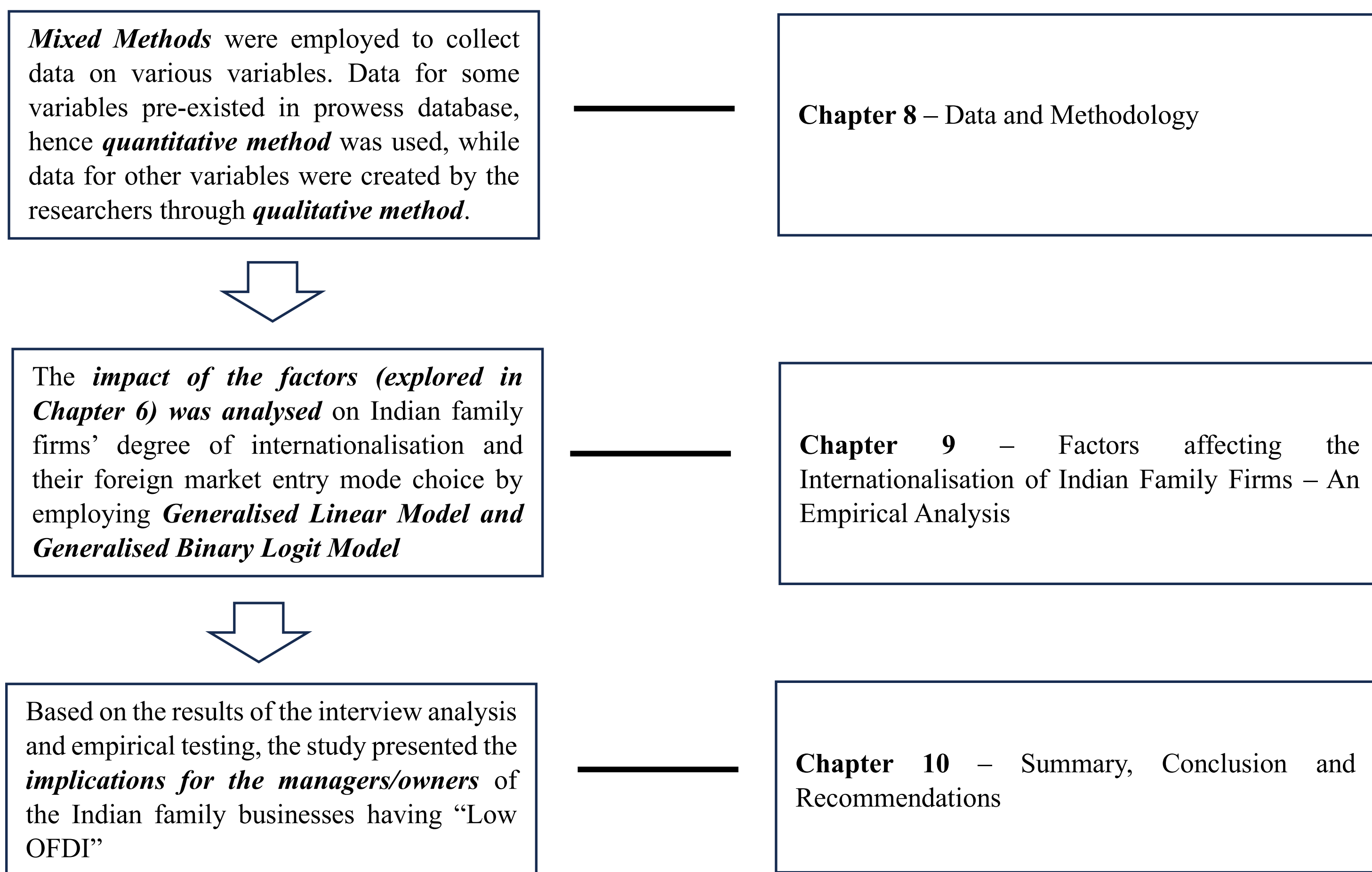


Figure 1.1: Summary of the Thesis

The thesis contains ten chapters which focuses on the following – *Chapter 2* presents the evolution of family firms' definition, discusses the internationalisation of some leading Indian family businesses and explores the trend in the internationalisation of Indian family firms. *Chapter 3* presents the systematic literature review of the factors affecting the family firms' degree of internationalisation through bibliometric analysis and thematic analysis. *Chapter 4* presents the systematic literature review of the factors affecting the family firms' foreign market entry mode choice through TCCM (Theory, Context, Characteristics, Methodology) framework. *Chapter 5* presents the theoretical background which focuses on various international business-related, firm-related and family-related theories in explaining the internationalisation of Indian family firms. *Chapter 6* undertakes the exploratory analysis

through in-depth interviews in order to identify the factors which affect the internationalisation of Indian family firms. Based upon the results of the interview analysis, the chapter presents the theoretical framework explaining the Indian family firms' degree of internationalisation as well as their foreign market entry mode strategy. *Chapter 7* presents the hypotheses formulation for family firms' degree of internationalisation as well as their foreign market entry mode choice. *Chapter 8* presents Data and Methodology encompassing objective-wise data collection techniques as well as the data analysis methods employed to analyse the relationships between the factors. *Chapter 9* presents the results and discussion of the hypotheses testing. Finally, *Chapter 10* summarises the thesis and presents the implications of the study, contribution and limitations of the study, and provides directions for future research.

CHAPTER 2

INTERNATIONALISATION OF FAMILY FIRMS IN INDIA

2.1. Introduction

The present chapter first discusses the evolution of family firms' definition over the years and the internationalisation of some leading Indian family businesses. The chapter then discusses the trends and patterns of OFDI from India i.e., the overview of the India's OFDI policy followed by the trends in Indian OFDI which includes the geographical and sectoral distribution of Indian OFDI. The chapter then discusses the trends in the internationalisation of Indian family firms from 2007-08 to 2020-21, which includes – the major countries receiving OFDI from Indian family firms, major sectors receiving OFDI from Indian family firms, foreign market entry mode strategies of Indian family firms and the major industries from which Indian family firms are undertaking maximum internationalisation. Finally, the chapter discusses the internationalisation trend of top 10 Indian family firms in terms of their degree of internationalisation during 2007-08 to 2020-21.

2.2. Family Firms' Definition

Despite the growing literature on family firms' internationalisation, to date, there has not been any unanimity and agreement relating to family firms' definition. Hernández-Linares et al. (2018) conducted a bibliometric analysis of 258 definitions on family firms published over a period of 50 years from 1964–2013. The aim of the study was to uncover the trends in the definition of family firms and to identify the key terms used in underpinning the concept of family firms. The results of the study indicated that in many instances, family firms were not defined clearly and when defined, the emphasis was on the business side of the family firms. The definitions have often not been able to operationalise the term "family" due to the nebulous

nature of what makes up the family. During the first phase of analysis, i.e., 1964–1987, it was observed that "family ownership" was the key element in defining the family firms followed by "management" i.e. family members' involvement in management. During the second phase i.e., 1988–2002, although both "ownership" and "management" were again the two elements defining family firms, "management" seems to hold a key element during this period. Finally, in the last phase i.e., 2003–2013, it appears that both "ownership" and "management" are necessary elements in defining the family firms. In addition, it was observed that "governance" and "continuity" hold key significance during this phase, suggesting the rising importance of succession in defining the family businesses.

Donnelley (1964) pioneered in defining the family businesses, wherein he defined family business as one which "has been closely identified with at least two generations of a family and when this link has had a mutual influence on the company policy and on the interests and objectives of the family". However, over the years, this definition has been evolving, with researchers using varying contexts and criteria while defining family firms. Scholars have used multiple definitions due to the existence of heterogeneity amongst family firms. The definition of family firms also differs based upon the national context, for instance, the notion of the extended family is strong in the case of Asian and African firms while West-European and North-American firms exhibit more of a nuclear family character (Hernández-Linares et al., 2018). Hence, these varying contexts justify the diversity in the definition of family firms appearing in the literature. In general, majority of researchers tend to integrate both the ownership, as well as management aspect wherein they define a family firm as "a firm where the family owns the majority of stock and exercises full management control" (Gallo & Sveen, 1991; Graves & Thomas, 2006; Shi et al., 2019); while others define family firms only on the basis of ownership with varying degrees of control (Basly, 2007; Boellis et al., 2016). Also, some researchers define family firms on the basis of firms' perceptions wherein the respondent

firms were asked "if they consider themselves as family firms or not" (Davis & Harveston, 2000; Okoroafo, 1999); while some on the basis of the number of generations involved in family firms' operations (Zahra, 2003). For the purpose of the present study, the definition given by Ray et al. (2018) was adopted - "*If the founding family has a stake of 20% or more in the firm and either of the following two criteria are met: (a) a member of the founding family is on the board of the firm and/or (b) a member of the founding family is the chairperson of the board, managing director, or CEO*". This definition takes into account both family ownership as well as family members' involvement in management, hence it ensures that family members are not just the owners of their business but they are also involved in managing the operations of the business.

2.3. Leading Family Businesses in India

Family businesses are the core of the Indian economy. In India, the history of family businesses dates back to 1920s and 30s. India predominantly has family run businesses since every state and region in India has family business owned communities (Dewan, 2021). Globally, India stands at the third position in terms of family-owned businesses, only after China and the US (Credit Suisse Research Institute, 2018). Globally, out of the top 50 profitable family-owned businesses, 24 belongs to Asia and in Asia, amongst the top 30 premier family-owned firms, more than 15 belongs to India (Credit Suisse Research Institute, 2018). According to a survey done by EY and University of St. Gallan in 2023, 15 Indian family businesses are among the world's 500 largest family firms. The combined revenue of these 15 largest Indian family firms is US $365 billion, thus making India the fourth largest contributor to the list of 500 largest family firms in the world. Reliance Industries Limited, an Indian family business conglomerate is among the top 10 in the list of 500 largest family firms in the world (Robertsson, 2023). Also, 73% of the top 500 firms listed on Bombay Stock Exchange are recognised as family firms

(Nanda & Srivastava, 2012) contributing a total of 79% to the country's GDP (Sood, 2022). Thus, Indian family businesses are critical for nation's stability since they make significant contribution to the nation's GDP and generates enormous employment opportunities (Dewan, 2021).

The tradition of family businesses in India started in the form of money lending and trading. At that time, the family business culture in India was confined to certain communities, majorly Marwari's and Gujarati's especially in the northern and western India (Gusani, 2020). At the time of independence in 1947, there were few dominant business houses like the Birlas, the Tatas, the Walchands and the Mafatlals, who due to their strong financial position were substantially controlling the Indian economy. However, the economic reforms of 1991 brought significant transformation in the competitiveness of the businesses in India. Post liberalisation, private players were allowed to enter in various reserved sectors and foreign multinationals were also permitted to set up their businesses in India. During this time, amid new reforms, various prominent family business houses like the Mafatlal, Lalbhai, Thapar and Shriram lost to new entrepreneurial family ventures like Dr Reddy, Bharti, Sun Pharma, Adani etc. Besides, other eminent business houses like Bajaj, Birla, Tata, Reliance and Mahindra reinvented their businesses to maintain their top positions in the economy (Bang & Ramachandran, 2017).

In India, the existence of increased competition in the post liberalisation era, did not stop family firms to grow and outperform in their businesses. They have successfully adapted to the changing business environment and have managed to retain their entrepreneurial spirit (Bang & Ramachandran, 2017). The following section discusses some leading family business cases in India highlighting the role of peculiar family characteristics in their decision-making process.

2.3.1. Bikanervala Foods Private Limited

Bikanervala is a fourth-generation family business that was set up by two brothers of the Aggarwal family – Kedarnath Aggarwal and Jugal Kishore Aggarwal in 1950. The brothers set up their first shop in Old Delhi, India by the name of Bikaner Bhujia Bhandar. The business primarily operates in two major lines – packed Indian snacks under the brand name Bikano, and traditional Indian fast food and sweets sold by the chain of restaurants-cum-stores. The family business has come a long way from being a local fast-food stall to India's one of the largest traditional food chains.

Bikanervala had always been a close-knitted family business that has survived for four generations without any major family conflict. The business is supervised by the board of directors which comprises first, second, and third generation family members. As the size of the family business grew, more members of the Aggarwal family moved from Bikaner to Delhi. Each member of the family had the goal of serving more customers every day and expand their family brand name – Bikanervala. Aggarwal family is a tightly knit Indian joint family and by the time the business entered the third generation, around one hundred family members were living in the same house working towards the success of the business. However, since different members of the family were running the different outlets, the family business faced the challenge of introducing standardisation into the business. The goal was that irrespective of the branch location, the Bikanervala brand name should inspire the same feeling in everyone. Consequently, the family members held regular family council meetings to discuss the concerns and agree on the strategy that would help in bringing the standardisation to the family business. The Aggarwal family believes that the unique selling point of the family business is the secret family recipes of Bikanervala and each generation of the family has closely guarded these recipes over the years. Additionally, the family has now employed technological advancements and new styles of automation to ensure the same taste across all outlets.

The members of the Aggarwal family attribute the success of the family business to the values of the Marwari joint family. The Marwaris are known for their risk-averse behaviour, aversion in giving up the majority of the family ownership, conservative approach to debt, and focus on cash flows. The Marwari community is very traditional in their approach and follows the joint family system wherein family members from different generations live together. The Bikanervala family business always believed in the values of the Marwari community and focused on the inseparability of the business from the family. In any event of the conflict between the business interest and family, the Aggarwal family had always prioritised the family interests. Further, the business followed the strict values and traditions of the Marwari community wherein the final decision with respect to the business as well as the family comes from elders. However, not all traditional values of the Marwari community were followed by the Bikanervala such as the non-involvement of the women in the family business. Historically, all the senior positions in the business were occupied by male family members only. However, over the years, the role of women was expanded in the Bikanervala family business and the spouses were also involved in the operations of the business.

- ***International Operations***

The Aggarwal family felt that they should build the legacy of Bikanervala beyond the borders of India. They aim at taking Indian culture, heritage, and cuisine to the global marketplace. In addition to 100+ outlets in India, the family business has 26 international outlets operating in Singapore, New Zealand, the United States, Nepal, and the United Arab Emirates. Further, Bikanervala is planning to add 2 more to the existing 18 outlets in U.A.E and launch its first outlet in Canada. Further, Bikanervala is present in global markets through exports. It exports different varieties of namkeens, syrups, cookies, papad, samosa to more than 45 countries, including the US and the UK. The frozen foods are stored in more than 320 international stock keeping units which forms the backbone of its exports business.

2.3.2. Dabur India Limited

The Burman-family-owned Dabur India Limited was founded by Dr. S. K. Burman in 1884 as an Ayurvedic medicine company. Currently, 68% of the company's ownership is in the hands of the family members and four members of the Burman family are involved in the management. The goal of the Burman family was to provide affordable natural medicines to the people. In the 1930s, the company was taken over by two sons of Dr. Burman who divided the responsibility among them. The business was spread across seven Burman families spanning three generations who were living together in the same home in Calcutta. Although the company was growing quickly, Dabur always remained a family company wherein, the lines between the company and the family matters were blurry. Dabur continued to expand its operations to become India's largest producer of herbal remedies in the world and the largest consumer goods business. By March 2023, the company's net profit stood at INR 13.73 billion and total revenue was INR 90.76 billion.

As the business reached the fifth generation, the family members started facing issues in managing the operations of the organisation. At this juncture, the business began to realise the limitations of family management. Consequently, the Burman family decided to professionalise its operations by bringing in non-family professional human resources for the senior executive positions. As a result, Dabur hired Mckinsey in the mid-1990s in order to develop a strategic plan for the family business. Mckinsey suggested that the long-term survival of the family firm calls for professionalisation of management beyond the three generations of the family. Thus, Dabur ensured that the leadership in the family business will not automatically pass from father to son to grandson just because his last name is 'Burman'. Consequently, between 1997 and 1999, professional managers from multinational, blue chip companies replaced the existing family managers and took over the operations of the Dabur. By 1999, the Burman family's influence in the business was through the 79% of family ownership and the family members'

representation on the board. Finally, in 2000, the Burman family created a Family Council to formalise the family governance processes which had long been on an informal basis. Thus, the council penned the family constitution and specified details with respect to succession processes, dividend policies, etc.

- ***International Operations***

The Dabur products have a strong presence in more than 120 countries across four continents. Its key overseas markets are Turkey, the Middle East, Nepal, Egypt, the USA, Bangladesh, Africa, Europe, and Russia. Over 27% of Dabur's total revenue comes from its overseas operations. It has manufacturing facilities in 8 overseas locations – Egypt, Turkey, Nigeria, Bangladesh, Nepal, UAE, South Africa, and Sri Lanka. Around 12% of its overseas business comes from Europe, 26% from the Middle East, 22% from Asia, 24% from Africa, and 16% from the Americas. Dabur is enjoying significant attention at the global marketplace since its products are tailor-made according to the preferences of the consumers in different regions.

2.3.3. GMR Group

Rao family-owned and controlled GMR Group was founded in 1978 by Grandhi Mallikarjuna Rao. The Group is headquartered in New Delhi, India, and has been developing projects in the areas of transportation, airports, urban infrastructure, and energy. The group is managed by various members of the family such as G. M. Rao, his sons, and son-in-law. Further, the Corporate Social Responsibility (CSR) arm of the group – GMR Varalakshmi Foundation – is managed by the women of the Rao family. From a proprietary enterprise to a family-owned and managed group – GMR Group has come a long way since its foundation. Over these years, the family members have taken several initiatives such as launching power plants and thermal plants, undertaking airport projects and road projects, and the development and construction of special economic zones.

Mr. Rao always focused on "keeping the family together, from generation to generation." Consequently, he focused on leveraging the family's special strengths by mitigating the risks associated with running a family business. He, thus, took a keen interest in understanding the family business dynamics in order to promote the long-term success and sustainability of the GMR Group. Consequently, in order to discuss the values, vision, mission, and key policies of a family business, Mr. Rao constituted a family council comprising of various members of the family. The council helped in creating the written family constitution that would guide the family values and succession patterns in running the family business. GMR Group was one of the first Indian family businesses to have a detailed written constitution specifying the duties and rights of the family members with respect to the family business. Thus, it gave a strong message that the GMR Group family business was meant to be successful in the long term and the family is aiming to serve the business across generations. The Constitution also focused on the separation of ownership and management, Consequently, the decision-making authority regarding the high-level strategy was retained by the family members, while the day-to-day operations were run by the qualified non-family executives. This helped in retaining family control in the business while ensuring the professionalised management of operations. The aim was to ensure that external professionals are able to undertake rightful roles without any interference from the family.

- ***International Operations***

With world-class projects in India and abroad, GMR today is a global player in the infrastructure sector. By building some of the world's best airports, the family business today is among the top 5 airport developers globally. The GMR Group is the only Indian airport developer which has developed airports outside India. The group has entered into partnerships with foreign partners to develop airports in the Philippines, Greece, and the US. The Group has also entered into a merger with French airport operator Groupe ADP in order to adopt new

technologies and expertise. The family business would be able to use the expertise of Groupe ADP to create high-class modern airports and attract the best of the brands to GMR Airports. Thus, the partnership will help in strengthening their competence in the global marketplace.

2.3.4. Natural Ice Cream

Natural is an Indian family-owned and managed business that was founded in 1984 by Mulky Raghunandan Kamath. Currently, this popular brand of handmade artisanal ice cream is managed by the second-generation family member – Srinivas Kamath, who serves as the director of Natural. Mr. Srinivas Kamath's father started the business as a sole proprietorship and due to the uniqueness of the ice cream which was based on natural fruits variants instead of commonly available flavours, the ice cream store gained huge success. From mere a 300-sq-ft ice cream parlour at Juhu, Mumbai, the brand is a huge success today. The unique selling point of Natural ice creams which is helping them to expand tremendously is that they do not use any preservatives or artificial flavours. The ice creams are made of only fresh fruit pulp and dry fruits. The Kamath family has ensured that not a single machine is used in the process of making the ice creams. The fruits and dry fruits used in the ice creams are manually peeled, chopped, crushed, and pulped. Mr. Kamath himself has experimented with 60 different kinds of fruits and is involved in every aspect of distribution and manufacturing. In the financial year 2020, the Natural ice cream chain recorded a turnover of ₹300 crores. As of April 2022, the chain had 119 franchised stores and 18 directly owned stores across 11 states of India. The company which started with around 10 flavours, today offers around 125 flavours. This policy of manufacturing the ice creams manually without the use of machines is practiced across all the generations of the Kamath family which has led to the growth and success of the family business.

When Srinivas Kamath, son of Mr. Mulky Raghunandan Kamath entered the family business in 2009, he realised that although the quality of ice creams was good, the quality of the service was not up to the mark in the franchisee-run outlets. He monitored the customer feedback at the franchisee-run outlet which cited the poor service delivery. He observed that these franchises did not share the brand vision of the family business and blamed employees and customers for the problems. Consequently, he realised that all this was negatively impacting the brand name of the family business. In 2013, he had to terminate the franchises of the two stores since they failed to comply with the quality standards of the family business. One of these stores was located at the prime location in Mumbai, Vile Parle, and was among the top five revenue-generating stores. The family business had to incur a major loss in revenue and a prime location for the business due to the termination of the Vile Parle franchise.

Kamath realised that the family business incurred such losses due to the lack of professionalisation in the organisation. All the major operations in the business were handled by the family members only due to the desire of keeping the family business in the hands of the family members. At that time, the company had six family members who were part of the management team and 30 workers in the factory. Mr. Srinivas Kamath noticed that there was no accountability in the organisation and everyone was doing everything. He realised that there was no hierarchy among family members who were directly involved in running the family business. Consequently, Mr. Kamath was hesitant in giving orders or advice to his maternal or paternal uncle who had been working with his father for the last 25 years in the family business. Thus, family members' desire to keep the business in the hands of the family members only led to the sub-optimal decision-making in the organisation which resulted in the termination of the revenue-generating stores.

At that time, Kamath realised that it is mandatory to change the organisational style of Natural from an entrepreneurial management style to a professionally led management team in order

to fulfill his dream to take Natural to the global level. There was a need for formal systems and processes rather than the current trust-based systems. Hence, Mr. Kamath's decided to open a company-owned store that would be managed by external professional managers. However, Kamath's father exhibited great resistance to this idea since it would require hiring people from outside the family circle. These outside professionals would not be able to follow the same manufacturing process which is the core strength of Natural. Since the family members would not be involved in running the business, the family values of serving quality products will not be instilled in these stores. However, Kamath was determined to hire an external professional manager to manage the new store. Eventually, Kamath's father showed his agreement to open a new company-owned store however, he suggested that the store manager should be a family member only. He contended that the store manager has to deal with payments and thus a trustworthy and honest person is needed, the values which are possessed only by family members. However, after a lot of discussions, Kamath's father finally agreed to have a new store which is fully managed by external professionals including the store manager. While taking the interviews of the external professionals it was made sure that the family values such as fairness, reputation in the society, long-term orientation, harmony, discipline, and humility will be prioritised. Thus, these new candidates were interviewed by Kamath's father on moral and social values, and family and familial relationships in order to make sure that they would take forward the values set by the family business. Although opening a professionalised store received great resentment from Kamath's father, it proved to be the right decision since the store was successful in a couple of months. Finally, Kamath took various other steps towards professionalisation in the family business by appointing a training manager to upskill the franchisee employees, hiring a secretary in the company's office, hiring engineers and a maintenance team in the factory, and employment of independent auditors for quality checks.

Thus, it is observed that the professionalisation journey is still a big challenge for Indian family businesses. Kamath's father was strictly against the recruitment of external professional managers even if it means the termination of the revenue-generating stores. He believed that family values, reputation, and social standing will not be preserved by these external professional human resources. Thus, the family members' desire to preserve the familiness in the business leads to sub-optimal decision-making in the organisation which hampers the profitability of the business. Thus, it becomes imperative for these family businesses to realise that at a certain juncture, family members solely are unable to handle the growing complexities of the business and thus need the support of external professionals in order to manage the business.

2.3.5. Tata Group

The 150-year-old group – The Tata Group was founded by Jamsetji Tata in 1868. Headquartered in India, the Tata Group is a global enterprise comprising 30 companies across ten verticals. Tata Sons is the holding company and promoter of Tata Group. In 2021-22, the combined revenue of all the Tata companies was US $128 billion and these companies provide employment to more than 935,000 people. The Tata Group marked its presence in textile manufacturing in 1874 and in services (hotels) in 1904. Sir Dorabji Tata, son of Jamsetji Tata succeeded his father as the chairman of the group and fulfilled his ambitions to set up new industries in India. In 1907, he pioneered in setting up India's first steel plant, its first cement manufacturing unit in 1912 and first indigenous insurance company in 1919. India's various eminent institutions were also set up by the Tata Group – Tata Memorial Hospital, Tata Institute of Social Sciences, Indian Institute of Science, Tata Energy Research Institute, Tata Institute of Fundamental Research, and National Centre for Performing Arts. All the generations of the Tata family believed that the foundation of the group's success lies in the welfare of the society and the nation at large. The then viceroy of India, Lord Curzon, while mentioning the pioneer

legacy of Jamsetji Tata, said "No Indian of the present generation had done more for the commerce and industry of India."

The contribution of the Tata family to the Indian economy dates back to the period of independence and even much before that. Soon after independence, the import of non-essential commodities including cosmetics was banned by the Indian Government. Consequently, in order to manufacture quality cosmetics for Indian women, the PMO approached the House of Tata. As a result, the Tata Oil Mills Company launched the brand Lakme in 1952 in collaboration with a French partner. With more than 150 years of existence, the Tata Group was the first mover across a wide range of Indian industries like hotels, steel, automobile, tea, salt, watches, housing, airlines, clothing, chemical jewellery, township, and information technology.

The success of the group predominantly transpires from its commitment to philanthropic activities across all the succeeding generations. Tata Trusts possess the majority of the Tata Son's ownership with the intent of transferring the benefits of the business to the society at large. 66% of the ownership of Tata Sons is held by Tata Trusts that support health, education, poverty, etc. The Tata Group is steered by the principle of sharing the profits and wealth with society, thus investing every year a significant proportion of the group's profits into the economy for the establishment of numerous educational institutions, hospitals, research centers, etc. The success of the group comes from the seeds sown by the founder, Jamsetji Tata, in the form of ethics, humanity, and philanthropy and integrated into its core business activities by the succeeding generations.

- ***International Operations***

Over the years, the Tata Group has expanded its operations globally in more than 100 countries spread across six continents. The Tata Group has international approach since its inception,

wherein, the founder, Jamsetji Tata, initiated international trade in China and England. A significant part of the group's total revenue comes from its global operations, US and UK being the two major contributors. The Tata Group has been present in Europe since 1907 and today 19 companies of the group are spread across the continent. It has been more than 70 years since Tata Group has been present in North America and today there are 13 Tata companies that are operating in this region. Further, the group is present in the Asia Pacific region since the 1970s and currently, there are 16 Tata Group companies which are operating in this region. The Tata Group also has a significant presence in North Africa and the Middle East region where they are operating with 23 companies. The Tata Companies have made several international acquisitions over the years, some of them are – Tata Tea's acquisition of Tetley in the UK in 2000, Jaguar and Land Rover by Tata Motors in the UK, NatSteel by Tata Steel in Singapore, Eight O'Clock Coffee by Tata Tea in the US, among others. In FY 22, the Tata Group of companies earned revenue of US $3.45 billion from its global operations.

2.3.6. Reliance Industries Limited

Dhirubhai Ambani founded Reliance Industries Limited in 1958 which is an Indian multinational conglomerate headquartered in Mumbai, India. Currently, around 50% of the company's ownership is in the hands of the family members and two members of the Ambani family are involved in the management. It operates in various sectors such as oil and gas exploration, petrochemicals, telecommunication, refining, retail, and media. It was the first privately owned Indian company to enter into Fortune 500. Dhirubhai Ambani started as a small venture firm trading polyester yarn and spices. Soon the company became the world's largest producer of polyester fiber and yarn. It accounts for more than 15% of India's exports and 25% of the world's refining capacity.

However, some major family feuds emerged in the family business when Dhirubhai Ambani passed away in 2002 leaving behind the business to his two sons – Mukesh Ambani and Anil Ambani. At that time, Reliance had two major lines of activity – petrochemicals and telecommunications. At that time, the company was among India's biggest with a turnover of $ 14 billion. However, unfortunately, Dhirubhai Ambani did not document the succession pattern of the family business and did not leave a will behind that could determine the transfer of ownership of the family business. By November 2004, ownership issues surfaced between the two brothers. This ugly situation between the two brothers led to a negative brand image wherein the shares of the family business plummeted amid the rising uncertainty. More importantly, the feud between the brothers was impacting the three million common shareholders of the company. During this feud, Reliance lost nearly half a billion dollars in market capitalisation. Finally, Kokilaben, wife of Mr. Dhirubhai Ambani decided to create two equal business domains to be given to her two sons.

- ***International Operations***

Reliance Industries Limited in India's largest private sector company and is one of the highest contributors to India's economic growth. During the year 2021-22, the family business reported exports of INR 2549.7 billion making it India's largest exporter, accounting for around 7% of India's total merchandise exports. Further, the company had 47 foreign subsidiaries in 2016-17 which was increased to 67 foreign subsidiaries in 2021-22. Thus, the family business has been growing its operations in international markets through exports and FDI at a tremendous rate. Today the family business is present in 100+ countries selling diverse products across the globe.

2.3.7. Marico Limited

The Mariwala family-owned, Marico Limited was established in 1990 by Harsh Mariwala, the fourth-generation family member. Currently, around 60% of the company's ownership is in the hands of the family members and three members of the Mariwala family are involved in management. However, the history of Mariwala family dates back to 1872 when the two brothers – Kanji Morarji and Vasanji Morarji started stitching gunny bags to make a living. Soon the family business grew in size and scale, hence the Mariwala family members established a new entity in 1948 named Bombay Oil Industries (BOI). The prominent brands of BOI were Saffola Oil and Parachute Coconut Oil. Charandas Mariwala, the third-generation family member, and all his brothers were involved in managing the operations of BOI. The Mariwala family did not employ any external professionals to handle the firm's operations and all the tasks ranging from finance, sales, purchase, designing, etc. were handled by Mariwala brothers only. Thus, the family business lacked professionalisation in its decision-making, governance, and strategic management, and it continued to be managed as a traditional family business only. When Harsh Mariwala joined the family business in 1971, he noticed that the family business was suffering from intergenerational differences in perspectives and decision-making styles. The Mariwala family business was restricted by the conventional family business setup. The traditional family mindset considered that hiring external professionals was an incremental cost to the business without any commensurate benefits. Thus, Harsh Mariwala's fresh energy and his ability to innovate was restricted by this traditional family mindset. There were no clear policies for decision-making and the family business lacked strategic formulation and long-term planning. The absence of clear accounting policies and practices resulted in business inefficiency which ultimately led to losses. The inefficiency not only affected the business but also led to discontent among the family members. Thus, the senior generation family members were reluctant to accept the changes in the family business. They were against the idea of recruiting external professionals since it will dilute the family

control in the business. The senior generation family members believed that these external professionals will bring changes in the firm's organisational structure and the ways of doing the family business. Thus, they continued running the business as a traditional family business even if it meant greater losses for the organisation. As a result, it led to intergenerational stress in the Mariwala family business wherein younger generation family members were frustrated due to the lack of a process-oriented approach to business management.

Finally, the younger generation family members decided to take steps in the direction of professionalisation wherein the Mariwala family decided to spin off different verticals of BOI into standalone subsidiaries. Harsh Mariwala and his cousins were responsible to handle the different verticals of the business. They were given independent charge of the business and were designated as the CEO of their respective businesses. As a result, Harsh Mariwala established Marico Industries in 1990. Harsh Mariwala then decided that Marico will be handled by a team of high-quality top-level executives who will build a firm foundation. Thus, over the years, Harsh Mariwala developed Marico as a professionally run family business that had deep-rooted value-based organisational culture.

- ***International Operations***

With the primary presence in India, the family business is spread across 25 countries around the globe. Marico is present across the emerging economies of Asia and Africa, such as – the Middle East, South East Asia, South Africa and Egypt. Marico has introduced various international brands to cater to the needs of the foreign customers. For instance, it has introduced Parachute Advansed Body Lotion in Bangladesh, X Men for Boss '100 Million Idea' campaign in Vietnam, and Hercules Smart School campaign in South Africa. Consequently, Marico has increased its presence and business in international markets which has led to the good impact on the brand. Marico is present in international markets like Egypt,

Bangladesh, South Africa, UAE and Vietnam through foreign subsidiaries while its presence in markets such as Nepal, Singapore, USA, Canada, Malaysia, Netherlands, etc. is through exports. Around 23% of Marico's total revenue comes from international business.

2.3.8. Sudarshan Chemicals Industries Limited

Dr. R.J. Rathi founded Sudarshan Chemicals Industries Limited in 1951 after completing his Ph.D. from Ohio State University, United States. Sudarshan Chemicals was started as a chemical company that was engaged in the business of making Chrome Yellow which is an important pigment used in the manufacturing of paints and printing inks. In 1958, Dr. Rathi expanded Sudarshan's product range by adding organic pigments. Soon after, Dr. Rathi added new indigenous organic pigments and chemical intermediaries. In 1976, Sudarshan went public in order to raise capital for expansion. In the early 1980s, the company entered the international markets through exports. Currently, the family business is present in 85+ countries with a diverse product portfolio. During the year 2022-23, the company had a total revenue of INR 19.80 billion and profit after tax of INR 314 million.

Sudarshan Chemicals Industries Limited has always been a close-knitted family business. The four brothers of the Rathi family – Dr. R.J. Rathi, B.J. Rathi, H.J. Rathi, and L.J. Rathi were initially handling the family business, wherein, B.J. Rathi and H.J. Rathi were directors, L.J. Rathi was the managing director, and Dr. Rathi was the technical director. Since the family business was growing in size, Dr. Rathi encouraged the family members to join the business since he considered them as an asset to the business. More members of the Rathi family joined the family business and gradually it became a tradition for them to join the existing family business. In the early 1970s, eight members of the Rathi family were involved in managing the family business. Despite the involvement of so many family members in the business, Dr. Rathi believed that Sudarshan was professionally managed since family members were employed in

the business purely on the basis of their merit. Most of the Rathi family members were double graduates from US universities and they got promotions only on the basis of their performance.

Further, in the 1950s and 1960s, the Rathi family had 100% ownership of the family business. Consequently, all the directors on the board were family members only. However, as the business grew in size, Dr. Rathi realised that the knowledge and expertise of the family members is not sufficient to handle the complexities of the growing business. He suggested that the appointment of independent board members is mandatory to improve the efficiency of the board. Thus, the Rathi family decided that there will not be more than two members of the Rathi family on board. The remaining board members will be outsiders with adequate knowledge and industry experience. Thus, Sudarshan is one of the very few Indian family businesses which realised the importance of professionalising their business very soon after their establishment in the 1960s. Such professional management from renowned industrialists, chartered accountants, bankers, and bureaucrats improved the status of the company over the years and gave it a new direction.

- ***International Operations***

Sudarshan Chemicals Industries Limited is the third largest pigment producer in the world. It is currently present in 85+ countries and has 60+ channel partners. The company is the major exporter of pigments to the rest of the world and its export business crossed INR 1,000 crore mark in the year 2022-23. Around 45% of company's turnover is accounted by pigments exports. Currently, the company has five wholly-owned subsidiaries in foreign markets located in Japan, China, Mexico, Europe, and North America. Thus, Sudarshan family business has strong presence in international markets via both exports as well as FDI.

2.3.9. Conclusion on Indian Family Businesses

The discussion on some leading Indian family businesses indicates the role of peculiar family characteristics such as – family values, family ownership, family management, etc., in the decision-making process of these family businesses. As discussed above, it is observed that family businesses exhibit greater desire to keep the family business in hands of the family members only. For instance, as evident in the case of Natural Ice Cream and Marico Limited, family members were not in favour of professionalising their business operations. Professionalisation would require hiring people from outside the family circle. The founding generation family members believe that these outside professionals would not be able to follow the same values and procedures which is the core strength of these family businesses. Since the family members would not be involved in running the business, the family values of serving quality products will not be instilled in these family businesses. Further, the employment of these external professionals would endanger the family legacy since it would reduce the family control and influence in the business. However, the lack of professionalisation in Natural Ice Cream and Marico Limited led to losses due to termination of their stores and intergenerational stress among the family members. The family members, particularly founding generation family members, were reluctant in hiring external professionals even if it meant increased losses to the family business. Another is the case of Reliance Industries Limited, wherein, the family feuds with respect to the transfer of family ownership in the business negatively impacted the brand image. Due to such feuds, the shares of the family business plummeted amid the rising uncertainty and Reliance lost nearly half a billion dollars in market capitalisation. Such family issues affect the functioning of the family business as well as their decision-making process. Another is the case of Bikanervala wherein the members of the Aggarwal family are deeply rooted in the values of the Marwari community, which in turn guides their decision-making process. The Marwari community is very traditional and is known for their risk-averse behaviour, and conservative approach to debt. Consequently, family

businesses following the Marwari community exhibit unwillingness in undertaking risky decisions like internationalisation. Thus, these peculiar family characteristics such as – family values, family members' desire to keep the business in the hands of the family members, etc., might lead to sub-optimal decision making in the organisation as was observed in the case of above discussed Indian family businesses. Consequently, family firms might take decisions that are not guided by economic logic due to the presence of these peculiar family characteristics.

On the other hand, there are certain family businesses who understand the limitations of excessive family control and management well in time and undertake measures in that direction. For instance, the Tata Group, Dabur India Limited, and Sudarshan Chemicals Industries Limited professionalised their operations when they realised that the knowledge and expertise of the family members is not sufficient to handle the complexities of the growing business. These family businesses knew that it is imperative to professionalise the management in order to make it a sustainable business. The Tata group realised that business cannot grow and sustain in long-run if family interest is more dominating. Thus, although various members of the Tata family are involved in the business, the Group Chairman is a not a Tata family member. Tata seem to believe that there should be a complete balance between the family interests and business interests and business should be run by talented professionals. Another is the case of Dabur India Limited who seem to have realised the limitations of family management as the business reached the fifth generation. Thus, the Dabur family business experienced a smooth process of professionalisation since the Burman family realised the importance of the expertise and experience of outside professional human resources. They ensured that the leadership in the family business shall not automatically pass from father to son to grandson just because his last name is 'Burman'. Similarly, Sudarshan is one of the very few Indian family businesses which realised the importance of professionalising their business

very soon after their establishment in the 1960s. Rathi family realised well in time that the appointment of independent board members is mandatory to improve the efficiency of the board. The family decided that there will not be more than two members of the Rathi family on the board. Thus, the company experienced a smooth transition from a family-managed to a professionally-managed family business. Thus, these family businesses succeeded in simultaneously balancing their family interests as well as business interests. They allowed the business operations to be managed by the experienced external professionals while still retaining the family ownership in the business. Indian family businesses have a focus on building trustworthy relationship with the society. They want their businesses to be known for their family values, reputation, and social standing in the market. These external professionals with required knowledge and expertise will help in enhancing the reputation of the family business in the market. Thus, it is in the long-term interest of these family businesses to professionalise their operations. Consequently, these peculiar family characteristics might also lead to optimal decision-making in family firms in order to ensure the long-term survival of the family businesses. Thus, it becomes evident that these peculiar family characteristics play an imperative role in the strategic decision-making of family firms – one of them being internationalisation decision. Consequently, it becomes imperative to understand the role of peculiar family characteristics in the internationalisation decision of Indian family firms.

2.4. Outward Foreign Direct Investment (OFDI) from India – Trends and Patterns

A few decades earlier, Indian firms had an inward-looking approach, seeking protection from imports and foreign direct investment (FDI). These firms were majorly dependent on domestic markets and operated with insufficient technological capabilities, low productivity growth, and poor product quality. Consequently, Indian firms were in tune with the inward-looking policy that was adopted by India during the 1960s and the 1980s. However, the open and liberal policy

measures adopted by India during the 1990s with respect to trade, FDI, technology, private sector, and competition saw Indian firms moving towards the high growth phase. Cross country liberalisation of economic policies offered easier access to global market opportunities to the Indian firms. On one hand, Indian firms were forced to look for foreign markets due to intensified competition in the domestic markets from imports and FDI inflows. On the other hand, overseas markets had become more accessible for Indian firms due to liberalisation of multilateral, bilateral, and unilateral policies by other countries with respect to trade and investment. Consequently, after the 1990s, Indian firms have been aggressively pursuing OFDI as a means to survive and grow in the global marketplace (Pradhan, 2017).

India has been undertaking several important steps in order to establish its presence at the global marketplace. Over these years, India has signed several Free Trade Agreements (FTAs), Memorandum of Understandings (MOUs), and bilateral talks with other nations. As of April 2022, India has signed 13 FTAs with other nations, including the 3 agreements namely – India-UAE Comprehensive Partnership Agreement (CEPA), India-Mauritius Comprehensive Economic Cooperation and Partnership Agreement (CECPA), and India-Australia Economic Cooperation and Trade Agreement (IndAus ECTA). Such agreements enable India to build its relationships with other nations which in turn allows the Indian firms to increase their overseas direct investments. Further, in coming years, the Indian industry is planning to invest in African nations. According to Mckinsey & Company, India would play a critical role in expanding Africa's revenue to US $160 billion by 2025 through infrastructure, consumer products, IT services, pharmaceuticals, and agriculture. India is also planning to make significant investments in the Latin American region in IT, mining, and pharmaceutical sectors by establishing a direct air and sea link between India and Latin America (IBEF, 2022). Thus, over these years, Government of India has been encouraging Indian firms to undertake considerable investment in the foreign market (IBEF, 2022).

2.4.1. Overview of India's OFDI Policy

OFDI from India has evolved over the years, from restricted one to a more liberal one. India's OFDI policy can be categorised into two phases – before and after 1992. The year 1992 marks the shift towards liberal OFDI policy in India.

- Phase I (Up to 1992)

Although Indian firms have been undertaking OFDI since 1960s, it was restricted due to considerations on foreign exchange and scarcity of capital. The first policy on OFDI from India was formulated in 1969 which was – "General Guidelines Governing Indian Participation in Joint Overseas Industrial Ventures". According to this policy, government permission was needed for all the investments abroad. Further, only industrial JVs were allowed wherein the Indian participation in the equity must be in minority. Such equity participation was limited up to 49% for Indian investors. During this phase, India's OFDI policy focused on promoting exports from India as well as South-South Cooperation (SSC) (Joseph, 2019).

However, over the years, Indian Government had aligned their policy with that of advanced nations who support their investors in foreign countries. Consequently, India moved towards the objective of developing its own MNCs rather than promoting South-South relations. As a result, Indian Government formulated various schemes such as export credit, export subsidies, bilateral agreements, finance, etc. in order to promote Indian OFDI. New guidelines governing Indian joint ventures abroad were formulated in 1978 and 1985 with the objective of promoting OFDI from India. These new guidelines included other sectors which were earlier not allowed to undertake OFDI abroad such as – trading, service, consultancy, mineral exploration, etc. Finally, during 1950s and 1980s, Indian Government extended support in the form of higher education, industrial licensing, and R&D which facilitated OFDI from India by creating managerial, technological, and entrepreneurial capabilities in Indian firms (Pedersen, 2010).

- Phase II (after 1992)

During this phase, the OFDI policies can be categorised into two phases which is – the quasi-liberal phase (1992-2004) and liberal phase (after 2004). During quasi-liberal phase, automatic OFDI was permitted up to ceiling amount beyond which government permission had to be obtained. While in liberal phase, the size (net worth) of the investor determines the amount of OFDI. Consequently, a high-net-worth investor could invest more in foreign countries. Further, in quasi-liberal phase, geo-political considerations played a key role wherein high ceiling amount was fixed for the SAARC countries. During this phase, the focus of OFDI policies was to ensure that India obtains a strategic position in certain geographical locations. In addition, the OFDI policy also aimed at acquisition of resources and technology, and promotion of exports (Joseph, 2019).

During the liberal phase, the OFDI policy of quasi-liberal phase stills holds with the exception of geo-political considerations. This phase did not give preference to any particular geographic location. Rather than geo-political considerations, the liberal phase focused on economic considerations such as securing energy resources. Consequently, investors in oil and petroleum sectors are permitted to invest in unincorporated entities in global market (Joseph, 2019).

Further, the growth in India's OFDI stock was also significantly different during quasi-liberal and liberal phase. The period from 1999-2004, which marks the second half of quasi-liberal phase, experienced the increase in OFDI stock of India. The OFDI stock reached to $1666 million in 1999 from $706 million in 1998, an increase of 136%. The sudden increase in OFDI in 1999 was majorly due to the increase in automatic limit from $4 million to $15 million in 1997. Further, during the initial years of the liberal phase, India's OFDI stock increased at a faster pace. It increased to $27063 million in 2006 from $9741 million in 2005, an increase of

178%. During this time, OFDI from India was encouraged due to the replacement of 'ceiling limit' system with 'size of investor' system (Joseph, 2019).

There were several reasons which contributed to the growth of OFDI from India. The economic reforms of 1990s brought major changes in the strategic of Indian firms. In an attempt to face external competition, Indian firms expanded their manufacturing capacity and distribution networks by increasing their fixed investment. Further, the firms realised the perils of excessive dependence on domestic market due to the economic downturn in the post 1995-96 period (Joseph, 2019). Consequently, Indian firms experienced the need of accessing international markets. As indicated in the data above, there was an increase in OFDI from the late 1990s as Indian firms began to establish their presence in the global market. Another reason for increased OFDI was the quest for moving up in the value chain. Many Indian firms continue to remain at the lower ends of the value chain. Consequently, acquisition of successful entities in the foreign market allows them to move up the value chain. Various Indian firms, particularly from software and automobile sector, have invested abroad in order to move up the value chain. Foreign acquisition enables them to invest in technology-intensive businesses abroad. Finally, the need for accessing global technology, raw materials and energy resources encouraged Indian firms to increase their investment abroad. After the economic reforms of 1991, the firms realised the importance of accessing quality resources in order to survive and grow in the integrated world economy (Pedersen, 2010).

2.4.2. Trends in Indian OFDI

OFDI from India has evolved considerably over the years. The OFDI flows from India reported 16-fold increase from US $44 million in the 1980s to US $700 million in the 1990s. Further, it increased more than 113-fold between the 1990s and the 2000s, reaching US $79 billion in the 2000s. Further, *Table 2.1* represents the trends in OFDI flows of India over a period from 2000-01 to 2022-23. The table indicates that annual OFDI flows represented a growing trend till

2007-08. However, the outflows began to exhibit a downward trend since 2008-09 due to global financial crisis. The UNCTAD data also indicated that although globally OFDI increased at 18% CAGR during 2001-2007, the growth declined globally to CAGR -5% since 2008. However, OFDI flows from India somewhat regained in the later years of the last decade. According to World Investment Report 2023, India is among the top 20 economies in the world in terms of its OFDI flows. Although OFDI by India fell by 16% in 2022, greenfield projects announcements by India more than tripled to $42 billion (Joseph, 2019).

Table 2.1: Trends in Indian OFDI

Year	Equity ($Mn)	Loan ($Mn)	Guarantee Issued ($Mn)	Total OFDI ($Mn)
2000-01	602.10	70.60	112.60	785.30
2001-02	878.80	120.80	155.90	1155.50
2002-03	1746.30	102.10	139.60	1988.00
2003-04	1250.00	316.60	440.50	2007.10
2004-05	1482.00	513.20	316.00	2311.20
2005-06	6657.80	1195.30	546.80	8399.90
2006-07	12062.90	1247.00	2261.00	15570.90
2007-08	15431.50	3075.00	6553.50	25060.00
2008-09	10713.55	3329.00	3104.87	17147.42
2009-10	6763.27	3620.19	7603.79	17987.25
2010-11	9351.77	7346.89	27230.52	43929.18
2011-12	6288.35	8325.17	16249.38	30862.91
2012-13	5856.20	4350.96	16665.22	26872.38
2013-14	10194.49	3725.51	22980.48	36900.48
2014-15	3985.73	2852.94	24080.85	30919.52
2015-16	4753.76	3354.45	13908.42	22016.63
2016-17	9301.93	4106.78	11454.34	24863.05
2017-18	5650.19	4732.92	8272.03	18655.15
2018-19	6234.65	5566.43	8473.20	20274.28
2019-20	5849.89	5930.86	9174.69	20955.44
2020-21	4780.65	6011.02	7827.49	18619.16
2021-22	7541.79	7093.22	10320.24	24955.24
2022-23	9302.66	5314.00	10193.30	24809.95
Grand Total	**112643.56**	**78047.52**	**200106.81**	**390797.89**

Source: Joseph, 2019 and RBI monthly reports on "Overseas Direct Investment"

2.4.2.1. Geographical Distribution of Indian OFDI

Table 2.2 indicates the geographical distribution of Indian OFDI flows during the 1980s and the 1990s. It is observed that Indian firms were hesitant to invest in developed nations during the 1980s and somewhat in 1990s also. During the 1980s, less than one-fourth of India's OFDI went to developed nations, while majority of the share went to developing economies. During this period, Indian firms were more attracted to developing and transition economies since they exhibited similar level of business environment and development (Pradhan, 2017).

Table 2.2: Geographical Distribution of Indian OFDI Flows, 1980-1999 (Cumulative OFDI Flows ($ million and per cent)

Period	Developing Region	Transition Region	Developed Region
1980-89	86 ***(56.9%)***	29 ***(19.4%)***	36 ***(23.7%)***
1990-99	1793 ***(53.5%)***	81 ***(2.4%)***	1476 ***(44.1%)***

Source: (Pradhan, 2017)

However, developed economies became the major destination for OFDI by Indian firms post 2000 as represented in *Table 2.3*. During 2007-2015 and 2015-2023, at least 50% of the top ten host economies for Indian firms are developed nations. Further overall, during 2007-2023, among the top ten host economies, six are developed nations. During this period, the technological capabilities of Indian firms improved which stimulated them to access large competitive markets of developed economies. This enabled the Indian firms to acquire and exploit the intangible assets of developed economies' firms. The skills, networks, and new technologies of the firms in developed economies attracted Indian firms to invest in these nations. During the period 2007-2023, Singapore, Netherlands, and Mauritius had been the major OFDI destinations of Indian firms due to various tax advantages which are offered by these nations. In addition, these economies possess favourable treaties covering double taxation

avoidance, bilateral investment, and comprehensive economic partnerships with India which makes them attractive OFDI destination for Indian firms.

Table 2.3: Top 10 Host Economies of Indian OFDI, 2007-2023 ($ million)

S.No.	2007-2015		2015-2023		2007-2023	
	Country	**OFDI**	**Country**	**OFDI**	**Country**	**OFDI**
1	Singapore	46880.24	Singapore	38994.11	Singapore	85874.35
2	Mauritius	40687.17	United States of America	26674.57	Mauritius	61576.88
3	Netherlands	38918.93	Mauritius	20889.72	Netherlands	52650.43
4	United States of America	15019.89	United Kingdom	16916.35	United States of America	41694.46
5	United Arab Emirates	11064.31	Netherlands	13731.50	United Kingdom	24397.44
6	British Virgin Islands	9378.66	United Arab Emirates	12117.91	United Arab Emirates	23182.22
7	United Kingdom	7481.10	Switzerland	9494.06	Switzerland	13901.45
8	Cyprus	6162.90	Russia	2989.62	British Virgin Islands	12047.16
9	Switzerland	4407.40	Mozambique	2948.07	Cyprus	7610.76
10	Australia	4261.14	British Virgin Islands	2668.51	Cayman Island	5901.36

Source: Compiled from RBI Monthly Reports on "Overseas Direct Investment"

2.4.2.2. Sectoral Distribution of Indian OFDI

Table 2.4 represents the sectoral distribution of Indian OFDI flows during the 1980s and the 1990s. It is observed that during this period, the primary sector had hardly any presence in Indian OFDI flows. During the 1980s, the service sector was the dominant sector since India emerged as the service-dominated economy since the 1980s. The availability of highly skilled and low-cost human resources, telecommunication infrastructure, and technological progress has led to the global competitiveness of India in the service sector. Further, during the 1990s, the manufacturing sector received the maximum OFDI from India dominated by the chemical products, refined petroleum products, beverages and tobacco, and paper products (Pradhan, 2017).

Table 2.4: Sectoral Distribution of Indian OFDI, 1980-1999 ($ million and per cent)

S.No.	Sector	1980-1989	1990-1999
1	Primary *(Agriculture, Forestry and Fishing, Mining)*	-	13 ***(0.4%)***
2	Manufacturing	56 ***(36.9%)***	1713 ***(51.1%)***
3	Services *(Financial, Insurance and Business Services, ICT, Construction, Electricity, Gas, Transportation and Storage, Wholesale and Retail Trade)*	82 ***(54.4%)***	1404 ***(41.9%)***

Source: (Pradhan, 2017)

Although, the primary sector hardly had any share in India's OFDI during 1980-1999, it accounted for nearly 11% during 2007-2023 *(Table 2.5)*. Indian OFDI in the primary sector has evolved over the years in order to access natural resources such as oil and gas. The extraction of crude petroleum and natural gas accounts for 87% of Indian OFDI flows from the primary sector. Further, during 2007-2015 as well as 2015-2023, services has emerged as a dominant sector for India's OFDI flows, replacing the dominance of manufacturing sector in the 1990s. Since the 1980s, the economic growth of India has been primarily led by services because of the growing competitiveness of Indian firms in the service sector. Further during 2007-2023, among the service sector, India's OFDI flows were dominated by financial and insurance services (39.09%), followed by transportation and storage (27.32%), followed by trade, restaurants, and hotels (21.32%).

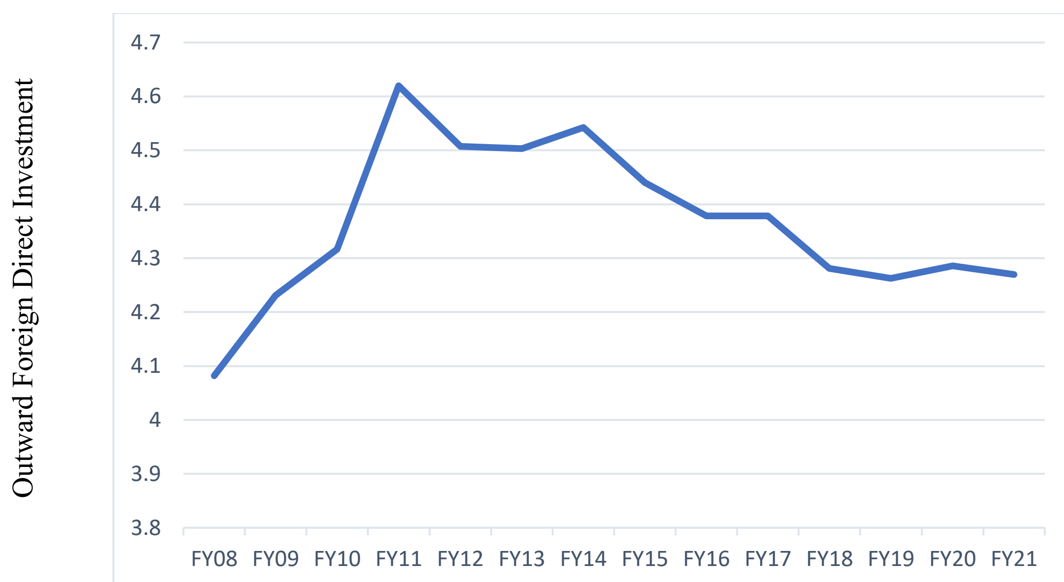
Table 2.5: Sectoral Distribution of Indian OFDI, 2007-2023 ($ million and per cent)

S.No.	Sector	2007-2015	2015-2023	2007-2023
1	Primary *(Agriculture, Forestry and Fishing, Mining)*	21847.27 ***(10.49%)***	20170.28 ***(11.85%)***	42017.56 ***(11.10%)***
2	Manufacturing	21847.27 ***(10.49%)***	47154.37 ***(27.72%)***	118450.03 ***(31.30%)***
3	Services *(Financial, Insurance and Business Services, ICT, Construction, Electricity, Gas, Transportation and Storage, Wholesale and Retail Trade)*	115116.84 ***(55.27%)***	102756.515 ***(60.41%)***	217873.35 ***(57.58%)***

Source: Compiled from RBI Monthly Reports on "Overseas Direct Investment"

2.5. Trends in the Internationalisation of Indian Family Firms

Figure 2.1 represents the trend in Indian family firms' OFDI from 2007-08 to 2020-21. The graph indicates that family firms' OFDI was maximum in 2010-11, post which there has been a downward trend in the OFDI. The reason for low OFDI in 2019-20 and 2020-21 could be COVID-19 pandemic worldwide. Amid nationwide lockdown, investment activities were low around the globe. The pandemic magnified the pre-existing fear of family firms that internationalisation is a risky activity and engaging in such activity will endanger their family wealth and reputation in the market.



Source: Compiled from RBI Monthly Reports on "Overseas Direct Investment"

Period (2007-08 to 2020-21)

Figure 2.1: Indian Family firms' OFDI Trend from 2007-08 to 2020-21

2.5.1. Top 10 Countries Receiving OFDI from Indian Family Firms

The country analysis reveals that family firms' OFDI is going into 75 countries across the globe from 2007-08 to 2020-21. *Table 2.6* presents the top 10 countries receiving OFDI from Indian family firms during this period. It was observed that all these top 10 countries are developed nations. It is observed that family firms prefer internationalising their operations in developed

nations since they are characterised with highly secured market mechanisms (Hernández et al., 2018). The high-quality institutional systems in these nations exhibit lower external uncertainty and thus there exist lower institutional voids to be tackled (Chang et al., 2014; Del Bosco & Bettinelli, 2020). Since, family firms already exhibit risk averse behaviour, they are unwilling to undertake an extra risk associated with internationalising in uncertain markets. Thus, they exhibit greater desire to internationalise in developed nations.

Table 2.6: Top 10 Countries Receiving OFDI from Indian Family Firms from 2007-08 to 2020-21

S.No.	Country	Total OFDI (USD Million)
1	Netherlands	28121.21
2	Singapore	24799.07
3	Mauritius	23294.16
4	United States of America	9622.309
5	Switzerland	7289.086
6	United Arab Emirates	6220.237
7	United Kingdom	1810.202
8	Bermuda	1455.901
9	Cyprus	1313.342
10	Australia	1215.31

Source: Compiled from RBI Monthly Reports on "Overseas Direct Investment"

2.5.2. Top 10 Sectors Receiving OFDI from Indian Family Firms

The sector analysis reveals that Indian family firms' OFDI is going into a total of 17 sectors. *Table 2.7* presents the top 10 sectors receiving OFDI from Indian family firms. These include Manufacturing; Transport, Storage and Communication services; Financial, Insurance and Business Services and so on.

Table 2.7: Top 10 Sectors Receiving OFDI from Indian Family Firms from 2007-08 to 2020-21

S.No.	Sector	Total OFDI (USD Million)
1	Manufacturing	39191.25
2	Transport, Storage and Communication Services	35240.38
3	Financial, Insurance and Business Services	12982.36
4	Wholesale, Retail Trade, Restaurants and Hotels	9002.544
5	Financial, Insurance, Real Estate and Business Services	6039.674

6	Construction	4279.383
7	Agriculture and Mining	1791.01
8	Electricity, Gas and Water	320.134
9	Community, Social and Personal Services	156.8375
10	Agriculture & Mining	117.1611

Source: Compiled from RBI Monthly Reports on "Overseas Direct Investment"

2.5.3. Foreign Market Entry Mode Strategies of Indian Family Firms

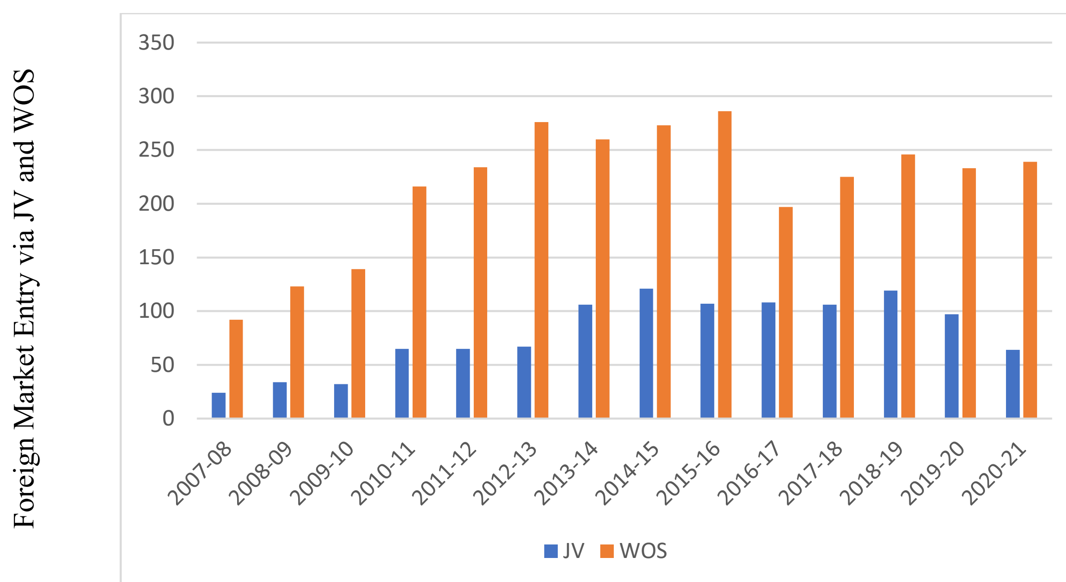
Table 2.8 and *Figure 2.2* presents the foreign market entry mode strategies adopted by Indian family firms during the period 2007-08 to 2020-21. It is observed that in all these periods, Indian family firms had an inclination to enter foreign markets via wholly-owned subsidiaries (WOS) than joint ventures (JV). This could be because Indian family firms exhibit a greater desire to retain family control and influence in the business rather than sharing it with the partners abroad. Besides financial wealth, Indian family firms exhibit a greater desire to preserve SEW, thus prefer to enter foreign markets via WOS. Although economically, acquisition could be the more rational choice, it would involve sharing of decision-making authority with the partners abroad. This would lead to the dilution of family control in the business, ultimately leading to SEW losses. Indian family businesses attach family name and identity to their family businesses. Thus, at any cost, they wish to preserve that family identity. Consequently, it makes WOS a more preferable mode of entering foreign markets for Indian family firms.

Table 2.8: Foreign Market Entry Mode Strategies of Indian Family Firms from 2007-08 to 2020-21

S.No.	Period	JV	WOS	Total
1	2007-08	24	92	116
2	2008-09	34	123	157
3	2009-10	32	139	171
4	2010-11	65	216	281
5	2011-12	65	234	299
6	2012-13	67	276	343
7	2013-14	106	260	366
8	2014-15	121	273	394
9	2015-16	107	286	393
10	2016-17	108	197	305

11	2017-18	106	225	331
12	2018-19	119	246	365
13	2019-20	97	233	330
14	2020-21	64	239	303

Source: Compiled from RBI Monthly Reports on "Overseas Direct Investment"



Source: Compiled from RBI Monthly Reports on "Overseas Direct Investment"

Period (2007-08 to 2020-21)

Figure 2.2: Foreign Market Entry Mode Strategies of Indian Family Firms from 2007-08 to 2020-21

2.5.4. Industries from which Indian Family Firms are Undertaking Maximum OFDI

Table 2.9 presents the industries from which Indian family firms are undertaking maximum internationalisation during 2007-08 to 2020-21. The table also presents the list of top 5 Indian family firms in each of these industries in terms of their degree of internationalisation. The table indicates that Indian family firms from Information and Communication Technology (ICT) industry have undertaken maximum OFDI wherein the cumulative OFDI of ICT industry family firms stood at USD 39346.93 million during 2007-08 to 2020-21. Further, the top 5 Indian family firms who have undertaken maximum OFDI from ICT industry are – Bharti Airtel Limited, Wipro Limited, HCL Technologies Limited, Cyient Limited and Persistent

Systems Limited. This maybe because India's ICT sector has been witnessing significant growth over the years. India's ICT sector is considered as the nation's major economic driver contributing 13% to India's GDP. By 2025, India aims to grow ICT sector to $ 1 trillion contributing 20% to the nation's GDP. In the FY 2023, India's IT sector is expected to grow at double the rate of the Indian economy. Similarly, India's IT exports are expected to grow faster than the Indian economy. The export revenue from India's ICT sector is expected to rise 11.4% and is estimated to touch $245 billion in the FY 2023. During 2021-22, India's IT sector accounted for 51% of the country's total service exports and contributed 9% to national GDP. Further, with 1.2 billion subscribers, India's telecommunication sector is the second largest in the world and by 2026, India is expected to reach 1 billion smartphones. Given the significant contribution of the ICT industry to India's GDP, the Government of India has been undertaking various policies and regulations in the areas of – 5G services, machine-to-machine communications, internet of Things (IoT), etc. Consequently, it has lead to the significant growth in the ICT sector over the years.

Next, Materials industry stood at the second position in terms of degree of internationalisation wherein the cumulative OFDI during 2007-08 to 2020-21 stood at USD 25269.36 million. The top 5 Indian family firms who have undertaken maximum OFDI from Materials industry are – Tata Steel Limited, JSW Steel Limited, Ultratech Cement Limited, Maharashtra Seamless Limited and Tata Chemicals Limited. There are various sub-sectors in the Materials industry in India and each of these sub-sectors have witnessed significant growth over the years. For instance, in the FY 2023, India is the second largest producer of crude steel in the world. Steel production and consumption contributes significantly to the India's economic development. Over the past 10-12 years, the steel sector in India has observed a significant growth wherein the steel production has increased by 75% since 2008. The government of India has undertaken various initiatives to increase the steel production as well as consumption such as "smart cities"

and "Affordable Housing" to boost steel demand and "Make in India" initiative to boost steel production. The growth has been significant in cement sector also wherein India today is the world's second largest cement producer accounting for around 8% of the global installed capacity. Similarly, with respect to the chemical sector, India is the third largest chemical producer in Asia and sixth largest in the world. The country contributes 2.5% to the global chemical sales and ranks 14th in the global exports of chemicals. Thus, the major sub-sectors in the materials industry have witnessed a significant growth over the years. Consequently, it is boosting the Indian family firms in these sectors to undertake a greater degree of internationalisation.

Next is, Energy and Utilities Industries with the cumulative OFDI of USD 17527.59 million and the top 5 Indian family firms in Energy and Utilities industry are – Reliance Industries Limited, GMR Infrastructure Limited, Adani Ports & Special Economic Zone Limited, Adani Green Energy Limited and Kalpataru Power Transmission Limited. Next is, Healthcare industry with the OFDI of USD 11619.15 million, followed by Industrials industry and Fast-Moving Consumer Goods (FMCG). The respective Indian family firms undertaking maximum OFDI in these industries are mentioned in *Table 2.9*.

Table 2.9: Industries and their respective Indian Family Firms (Top 5) Undertaking Maximum OFDI from 2007-08 to 2020-21

S.No.	Industry and Family Firms	Total OFDI (USD Million)
1	**Information & Communication Technology (ICT)**	**39346.93**
	Bharti Airtel Ltd.	*35181.77*
	Wipro Ltd.	*2453.13*
	H C L Technologies Ltd.	*1509.805*
	Cyient Ltd.	*63.8663*
	Persistent Systems Ltd.	*57.377*
2	**Materials**	**25269.36**
	Tata Steel Ltd.	*9365.882*
	J S W Steel Ltd.	*6123.73*
	Ultratech Cement Ltd.	*1667.598*
	Maharashtra Seamless Ltd.	*1516.267*
	Tata Chemicals Ltd.	*1295.311*

3	**Energy & Utilities**	**17527.59**
	Reliance Industries Ltd.	*13494.81*
	G M R Infrastructure Ltd.	*2498.539*
	Adani Ports & Special Economic Zone Ltd.	*1414.76*
	Adani Green Energy Ltd.	*90.994*
	Kalpataru Power Transmission Ltd.	*28.488*
4	**HealthCare**	**11619.15**
	Lupin Ltd.	*4533.901*
	Glenmark Pharmaceuticals Ltd.	*2552.753*
	Dr. Reddy's Laboratories Ltd.	*1463.154*
	Biocon Ltd.	*1020.308*
	Cadila Healthcare Ltd.	*845.127*
5	**Industrials**	**9742.983**
	Tata Motors Ltd.	*5107.962*
	Motherson Sumi Systems Ltd.	*1853.108*
	K E C International Ltd.	*572.2469*
	Nava Bharat Ventures Ltd.	*518.2851*
	Sterling & Wilson Solar Ltd.	*305.7126*
6	**Fast-Moving Consumer Good (FMCG)**	**5876.376**
	Godrej Consumer Products Ltd.	*2719.712*
	Piramal Enterprises Ltd.	*2621.422*
	Allcargo Logistics Ltd.	*159.6113*
	Marico Ltd.	*101.8718*
	Emami Ltd.	*98.5069*

Source: Compiled from RBI Monthly Reports on "Overseas Direct Investment"

2.5.5. Top 10 Indian Family Firms in terms of their Degree of Internationalisation

Table 2.10 presents the list of top 10 Indian family firms in terms of their degree of internationalisation during 2007-08 to 2020-21. These include – *Mittal family-owned* Bharti Airtel Limited, *Ambani family-owned* Reliance Industries Limited, *Tata family-owned* Tata Steel Limited, *Jindal family-owned* JSW Steel Limited, *Tata family-owned* Tata Motors Limited, *Gupta family-owned* Lupin Limited, *Godrej family-owned* Godrej Consumer Products Limited, *Piramal family-owned* Piramal Enterprises Limited, *Saldanha family-owned* Glenmark Pharmaceuticals Limited and *Grandhi family-owned* GMR Infrastructure Limited.

Table 2.10: Top 10 Indian Family Firms in terms of Degree of Internationalisation (OFDI)

S.No.	Indian Family Firms	OFDI (USD Million)	Industry	Family Ownership	Family Members' Involvement in Board	SEW	Total Sales (Million Rs.) (2020-21)
1	Bharti Airtel Ltd.	35181.77	ICT	36.04%	3	41.67%	1006158.00
2	Reliance Industries Ltd.	13494.81	Energy & Utilities	50.37%	2	40.00%	5392380.00
3	Tata Steel Ltd.	9365.88	Materials	33.12%	1	30.00%	1562940.00
4	J S W Steel Ltd.	6123.73	Materials	40.59%	3	46.42%	798390.00
5	Tata Motors Ltd.	5107.96	Industrials	38.37%	1	50.00%	2497950.00
6	Lupin Ltd.	4533.90	HealthCare	46.68%	3	100.00%	166417.00
7	Godrej Consumer Products Ltd.	2719.71	FMCG	63.25%	5	62.74%	110286.00
8	Piramal Enterprises Ltd.	2621.42	FMCG	46.10%	3	32.50%	128090.00
9	Glenmark Pharmaceuticals Ltd.	2552.75	HealthCare	46.62%	2	38.46%	109439.00
10	G M R Infrastructure Ltd.	2498.54	Energy & Utilities	63.54%	4	57.62%	62293.00

Source: OFDI data is compiled from RBI Monthly Reports on "Overseas Direct Investment" and; Data on peculiar family characteristics is compiled by researchers from company websites, BSE website and annual reports

In majority of these cases, it was observed that family ownership and SEW is less than 50%. This could be a reason for the greater degree of internationalisation since they exhibit lower risk averse behaviour. Lower degree of family ownership and SEW indicates that family firms are not heavily inclined in preserving their family control and family wealth in the business. Consequently, they are willing to undertake risky activities like internationalisation. These family firms have realised that family resources are not enough to undertake resource committed activity like internationalisation. In order to successfully internationalise their operations, these family firms have realised that they will have to dilute family control in the business in order to attract external financial and human resources. External financial resources shall help these family firms in entering foreign markets via more resource committed entry modes while external talented human resources shall help these family firms in handling the complexities associated with international markets. Consequently, in helps in stimulating their degree of internationalisation.

For instance, Mittal family-owned Bharti Airtel Limited wherein family ownership is 36.04% and SEW is 41.67% has its presence in 17 countries across South Asia and Africa. The company

has over 500 million customers and ranks amongst the top three mobile operators globally. It has satellite network running across 365,000+ RKMs in 50 countries and 5 continents. Thus, over these years, Bharti Airtel Limited has obtained a significant position in the global marketplace. Today, the family ownership in the company stands at 36.04%, thus it indicates that over the years, the company has diluted a significant portion of family control in order to attract external financial resources. Further, the board of the company also represents the external talented human resources to undertake strategic decisions like internationalisation.

Further, Tata family-owned Tata Steel Limited wherein family ownership is 33.12% and SEW is 30% has its operations in 100+ countries spread across six continents. The company has its presence in Europe since 2007 and has become the largest steel producers in Europe. Further, the company is present in South-East Asia since 2004 where it is spread in Thailand, Cambodia, Bangladesh, Indonesia and Laos. Thus, over these years, the company has marked its significant footprint in global marketplace. The lower degree of family control and influence in the business lead to the higher degree of internationalisation. It was also observed that only 1 member of the Tata family was present on the firm’s board since the company has focused on recruiting external professional managers who are able to better handle the job positions. Thus, Tata Steel represents lower control and involvement of the Tata family in terms of both family ownership as well as family members’ involvement in board. This had lead to the lower risk-averse behaviour in the family business and stimulated their degree of internationalisation. Similarly, Tata Motors also represents lower family control and involvement wherein family ownership is 38.37% and only 1 member of the family is involved in the board of the firm. Tata Motors has presence in global markets since 1961 via exports. Today, the company is present in more than 125 countries offering an extensive portfolio to its customers. The company is present in around 11 African nations, 5 Latin American nations, 11 Asia Pacific nations and around 8 nations in Middle East. Thus, the company has significant presence in

global markets since more than 6 decades. It could be because the company realised well in time that beyond a juncture, family resources are not enough to support the growth activities of the organisation. It becomes imperative for a family firm to employ external financial and talented human resources to undertake internationalisation activities.

Further, Piramal family-owned Piramal Enterprises Limited wherein family ownership is 46.10% and SEW is 32.50% has the global brand presence in more than 100 countries and offices in more than 30 countries. In 2019, 40% of revenues of Piramal Enterprises Limited were generated from outside India operations. It is spread across Canada, US, UK, Italy, France, Germany and various other nations offering financial services, life sciences, healthcare, real estate, etc. It has a global distribution network in over 100 countries and end-to-end manufacturing capabilities across 15 global facilities. Thus, over these years, Piramal Enterprises Limited has spread its operations over various global markets offering wide variety of services. As observed, the majority ownership of the company is not in the hands of the family members indicating that the company has diluted family control in the business in order to recruit external financial resources to support their growth activities. The board also represents the significant presence of external professional members to handle the complexities associated with strategies decision-making. The presence of non-family members on the firm's board gives priority to business goals as well as rather than just the family goals. Consequently, the company has been able to achieve a high degree of internationalisation over the years.

Further, Saldanha family-owned Glenmark Pharmaceuticals Limited wherein family ownership is 46.62% and SEW is 38.46% has its manufacturing facilities in 4 countries, offices in more than 50 countries, 4 R&D centres spread worldwide and commercial presence in more than 80 countries. The company is spread across US, Europe, Russia, Brazil, etc. and generates more than 70% revenue from its global operations. Thus, over these years, the company has occupied a significant position in the global market place. Over these years, the family

ownership in the business has been reduced to 46.62% and currently, only 2 members of the Saldanha family and present on the firm's board. Thus, over these years, a team of external experts has helped the company in undertaking successful and massive operations in international markets.

Finally, Jindal family-owned JSW Steel Limited wherein the family ownership is 40.59% and SEW is 46.42% has its presence in more than 100 countries through exports and has its operational facilities in Italy and US. The company is considered as the top 20 steel companies in the world offering a wide variety of the portfolio. Around 15% of the company's products are exported globally per annum and is considered as one of the India's largest steel exporters. Thus, one of the close-knitted family businesses in India is now serving customers across a wide variety of global markets. Today, the company has the family ownership of 46.42% and 3 members of the family are present on the firm's board. Thus, over these years the control and influence of the Jindal family has been reduced in the business and external professional managers started participating in the firm's strategic decision-making. They provided the much-needed experience, expertise and knowledge about the international markets. Consequently, it helped the family business in obtaining a significant position in the global marketplace.

2.6. Conclusion

The trend analysis of the internationalisation of Indian family firms indicates that during 2007-08 to 2020-21, OFDI by Indian family firms is going into 75 countries globally and the top 10 countries receiving OFDI from Indian family firms are developed nations *(refer Table 2.6)*. This indicates the risk-averse nature of Indian family firms since they prefer to internationalise in developed nations as they are characterised with highly secured market mechanisms. The sector analysis indicates that OFDI by Indian family firms is going into a total of 17 sectors in

international markets. The manufacturing sector is receiving the maximum OFDI from Indian family firms, followed by Transport, Storage and Communication services; Financial, Insurance and Business Services and so on *(refer Table 2.7)*. Further, the foreign market entry mode analysis indicates that Indian family firms have preferred to enter foreign markets via WOS than JV during 2007-08 to 2020-21 *(refer Table 2.8)*. This could be because Indian family firms exhibit a greater desire to retain family control and influence in the business rather than sharing it with the partners abroad. It is also observed that Indian family firms from ICT industry has undertaken maximum OFDI during 2007-08 to 2020-21, followed by Materials, Energy and Utilities, Healthcare, Industrials and Fast-Moving Consumer Goods industry *(refer Table 2.9)*. Finally, it was observed that Bharti Airtel Limited undertook maximum OFDI during 2007-08 to 2020-21, followed by Reliance Industries Limited, Tata Steel Limited, JSW Steel Limited, Tata Motors Limited, and so on *(refer Table 2.10)*. It was observed that family ownership and SEW in majority of these top 10 Indian family firms (in terms of their degree of internationalisation) were less than 50%. This could be a reason for the greater degree of internationalisation since they exhibit lower risk averse behaviour. Lower degree of family ownership and SEW indicates that family firms are not heavily inclined in preserving their family control and family wealth in the business. Consequently, they are willing to undertake risky activities like internationalisation.

CHAPTER 3

SYSTEMATIC LITERTAURE REVIEW ON FAMILY FIRMS' DEGREE OF INTERNATIONALISATION

3.1. Introduction[2]

For family firms, sustaining competitive advantage in the integrated world economy has become all the more challenging. This in itself necessitate the need for family firms to explore the ways in which their competitiveness and uniqueness could be enhanced, one of the ways is by focussing on their *degree of internationalisation*. Owing to such market competitiveness, family firms have started exploring various foreign market options; e.g., majority of the businesses of *Godrej Group*, which is more than 120 years old Indian family firm, comes from marking its footprints at the global market places, with internationalisation as the focal point of its decision-making process. Past researches on family firms' internationalisation render with an inconclusive view about whether the peculiar family characteristics and resources, fosters or hinders their degree of internationalisation (Pukall & Calabro, 2014; Arregle *et al.,* 2017; De Massis *et al.,* 2018). Family firms are often faced with the divergent objectives between their desires of being the conventional local producer on one side, while pursuing their internationalisation strategies on other hand, ultimately hindering their international expansion (Chrisman *et al.,* 2005). With respect to their internationalisation strategies, results are still inconclusive as to whether family firms prefer entering foreign markets through FDI (Pongelli *et al.,* 2019); or through indirect entry modes like exports (Kontinen & Ojala, 2010a; Monreal-

[2] The research paper on systematic literature review of family firms' degree of internationalisation is published in Review of International Business and Strategy
Thukral, S. and Jain, A. (2021), "Unveiling contemporary dimensions in the internationalisation of family firms through bibliometric analysis and thematic analysis", *Review of International Business and Strategy*, Vol. 31 No. 4, pp. 507-539. https://doi.org/10.1108/RIBS-09-2020-0121 ***(Scopus Cite Score 4.8, ABDC – 'C')***

Pérez & Sánchez-Marín, 2017); or whether they prefer to enter through joint ventures (Kuo *et al.,* 2012); or whether they exhibit greater preference for wholly owned subsidiaries (Kao & Kuo, 2017; Kuo *et al.,* 2012). Such differing internationalisation strategies are due to the heterogeneity residing within them with respect to various dimensions *viz.* the extent of family involvement, family resources, risk orientation, etc., thus grabbing the attention of various researchers in the recent years to understand the impact of such heterogeneity (Arregle *et al.,* 2012; Sanchez-Bueno & Usero, 2014; Gomez-Mejia *et al.,* 2010).

While internationalisation aids in the acquisition of overseas resources and customers, it also brings uncertainty to the business operations due to unfamiliar market dynamics, rendering it a mixed gamble (Alessandri *et al.,* 2018; Martin *et al.,* 2013). Extant literature has identified various factors *viz.*, family firms' long term orientation (Claver *et al.,* 2009); social capital and networks (Arregle J. L. *et al.,* 2007); family control (Zahra, 2003; Farnandez & Nieto, 2006); presence of non-family managers (Banalieva & Eddleston, 2011); Socioemotional Wealth *(hereafter SEW)* (Berrone *et al.,* 2012) and managerial capabilities (Boeker & Karichalil, 2002), as either facilitating or restraining family firms' degree of internationalisation. Though, earlier family firms restricted their innovation operations to internal R&D activities, however, recent technological advancements are persuading them to undertake collaborative actions with their peers abroad for the acquisition of requisite resources, expertise and technology (Deloitte Family Business Center, 2018). Family run *Harilela Group*, founded by six Indian brothers in 1959 has been able to manage its strong presence in both domestic and foreign markets even with the tight family control. This is mainly because the group placed greater emphasis in inculcating the up-to-date skills and technology in the organisation as well as the human resources by organising the effective training programmes (Ward, 2006). Although, internationalisation aids in diversifying the overall risk of an organisation, however, family firms' desire to preserve SEW, family control and reputation (Jimenez, 2019); long term

survival (Ray *et al.,* 2018); their high degree of risk aversion (Evert *et al.,* 2018) and their limited resource pool (Dou *et al.,* 2019), still prevents them from taking risky and uncertain decisions like internationalisation.

Drawing from such inconclusive results, the study aims to employ 3-step methodology for systematically reviewing 142 articles, authored by 289 scholars which are published in 58 peer-reviewed journals in the past 29 years (from 1991-2019). With the advancement in research community, researchers are now focusing on conducting interdisciplinary research work, thereby systematic review following PRISMA guidelines (Moher *et al.,* 2009) help in reconciling the varying views of researchers in multiple disciplines. Further, descriptive statistics of 142 research articles are obtained though bibliometric analysis, conducted through *R Studio* software. Furthermore, thematic analysis is carried out to create themes or clusters of various factors relating to family firms' internationalisation. Reviewing the existing literature through thematic analysis accompanied with bibliometric analysis give provide an overall view about various antecedents facilitating or restraining the family firms' internationalisation. The review of the existing literature helped in understanding the upcoming trends in the internationalisation of family firms and identifying the unexplored areas in the underlying field.

3.2. Review Approach and Structure

The study employed 3-step methodology for systematically reviewing research articles- *(1)* Systematically selecting the articles following PRISMA guidelines (Moher *et al.,* 2009); *(2)* Bibliometric Analysis to unveil the evolving trends in the underlying research stream and; *(3)* Thematic Analysis for identifying the major themes and patterns in the underlying literature. PRISMA guidelines use the 4-phase model (Identification, Screening, Eligibility, Included) to make the selection of the articles transparent and unbiased, thereby rendering more exhaustive and reliable results (*see Figure 3.1*). Systematic Literature Review has an edge over the

traditional reviewing techniques as it reviews the literature in a systematic and reproducible manner (Cook *et al.,* 1997). With the advancement in research community, researchers are now focusing on conducting interdisciplinary research work (Parris & Peachey, 2013) thus, systematic review would assist in reconciling the varying views of researchers in multiple disciplines.

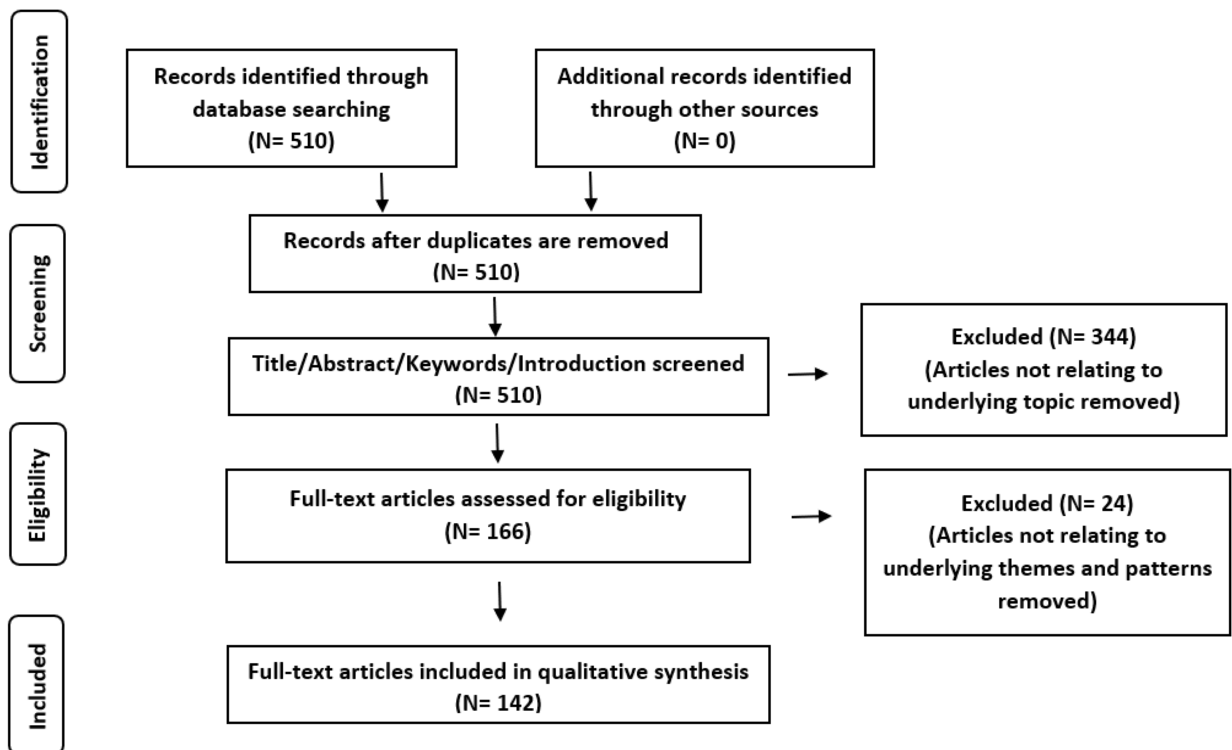


Figure 3.1 Methodology for Data Collection following PRISMA Guidelines

3.2.1. Article Selection Process

3.2.1.1. Database Selection

The study extracted the research articles from online database SCOPUS®, having the exhaustive coverage of articles from social sciences and humanities field. The database aided in funnelling down and selecting the journals in the concerned area with the final sample of 142 research articles.

3.2.1.2. Inclusion Criteria

The study incorporated the following inclusion criteria:

(i) In line with the past researches (e.g., (Kontinen & Ojala, 2010; Pukall & Calabro, 2014), the combination of following words was searched in title, abstract and keywords – ("family firms*" OR "family businesses*" OR "family involvement" OR "family owned" OR "family controlled") AND ("international*" OR "global*" OR "foreign direct investment" OR "FDI" OR "mode of entry" OR "international sales" OR "exports" OR "international commitment");

(ii) Only peer-reviewed research articles with the final publication stage were considered

(iii) The time period criterion was kept open-ended, wherein the articles were retrieved for a time span of 29 years (from 1991-2019);

(iv) the relevant disciplines considered were Business, Management and Accounting; Social Sciences; Economics, Econometrics and Finance; Decisions Sciences; Arts and Humanities; Psychology and Energy;

(v) articles published only in English language were considered.

The incorporation of PRISMA guidelines initially yielded with 510 research articles following the above-mentioned inclusion criteria. After examining the title, keywords and abstract, and in some cases introduction (wherever necessary), 166 research articles were obtained relating to family firms' internationalisation. The researchers then went through the entire research articles to further funnel down the relevant articles in the underlying area, which ultimately rendered with the final sample of 142 research articles *(Figure 3.1)*.

3.2.2. Bibliometric Analysis

The descriptive statistics for the above extracted 142 research articles were obtained through bibliometric analysis carried out with the help of *R Studio* Software (RStudio Team, 2020)

(Aria & Cuccurullo, 2019). Extensive and voluminous data including the citation information about authors and documents as well as bibliographical information relating to the authors' affiliation, the language of the document, etc. is processed by R Studio software with the help of the 'bibliometrix' package (Aria & Cuccurullo, 2017) and in turn rendered with various textual and visual analysis of such complex and fragmented data set. Thus, the objective is to uncover the most impactful perspectives surrounding the existing family firms' internationalisation literature, the evolving trends in the research streams, most productive authors, top journals and articles and networks extraction in the form of co-citation analysis.

3.2.3. Thematic Analysis

Drawing from Braun and Clarke (2006), the qualitative analysis of the above identified 142 research articles was implemented through thematic analysis which assisted in identifying and analysing the patterns or themes in the underlying literature. After going through all the articles, a summary chart including the articles' core ideas, content and arguments was chalked out. Thematic analysis was then carried out by classifying and organising these articles wherein, homogenous factors, ideas and arguments were been clustered together to form a theme. The major themes that were identified in the underlying literature were classified into – Family Control, Peculiar Family Characteristics, Business Environment, Internationalisation Theories and Models and, Internationalisation Process.

3.3. Descriptive Statistics through Bibliometric Analysis

A descriptive statistics and network relationship for 142 research articles was obtained through bibliometric analysis implemented through R studio. The software processed large volumes of bibliographical and citation data and provided the following results -

3.3.1. General Descriptive Statistics

Table 3.1: General Descriptive Statistics

Documents (Articles)	142
Sources (Journal)	58
Time Period	1991-2019
Authors	289
Authors of single-authored documents	19
Authors of multi-authored documents	270
Documents per Author	0.491
Authors per Document	2.04
Co-Authors per Document	2.77
Collaboration Index	2.21

Table 3.1 represents the general descriptive statistics relating to the articles under study. In total there are 142 research articles, authored by 289 scholars during a time span of 29 years (from 1991-2019) which have been published in 58 different journals. Single-authored documents are written by 19 scholars while multi-authored documents are written by 270 scholars. Co-authors per Article Index is calculated as the average number of co-authors per article. Here, Co-Authors per document (2.77) is greater than authors per document (2.04), thus indicating that scholars prefer conducting studies jointly with other scholars rather than doing them individually. The extent of collaborative practices between the authors is calculated by Collaboration Index which in our study is 2.21. The Collaboration Index (CI) is calculated as 'Total authors of Multi-authored articles/Total Multi-authored articles'. That is to say, the index calculates co-authors per article using only the multi-authored article set (Aria & Cuccurullo, 2019). The index basically depicts the alignment in thoughts, ideas and arguments between various authors. In recent years, the greater emphasis on interdisciplinary research has encouraged scholars to collaborate their studies with the other scholars.

3.3.2. Publication Trend

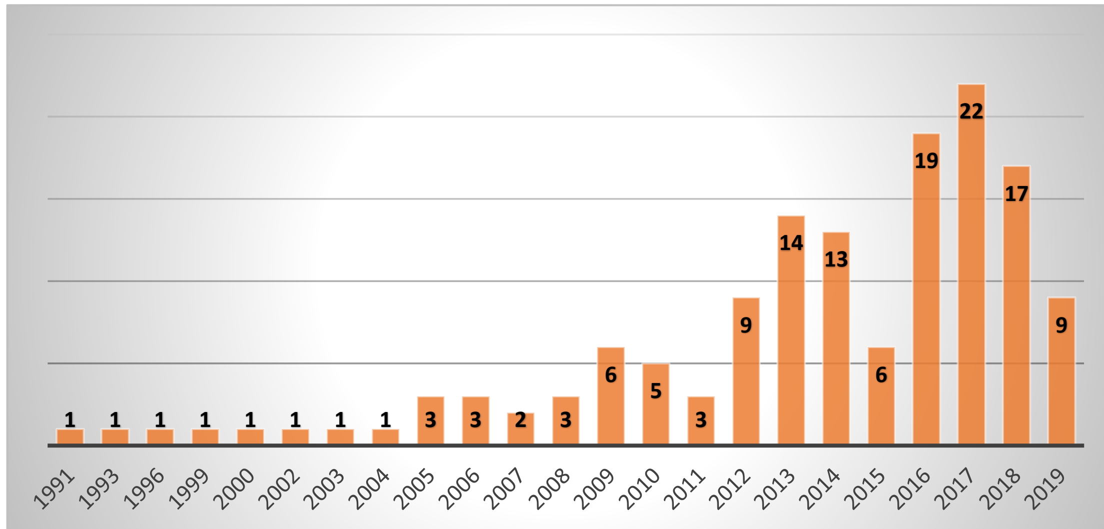


Figure 3.2: Publication Trend in the area of Internationalisation of Family Firms

Figure 3.2 depicts the number of research articles on family firms' internationalisation that have been published over the years starting from 1991 till 2019 (the year 2019 has been taken till the month of August). Though scholars have been studying the underlying research stream since 1991, but the field gained traction since the year 2012-2013 with the sudden increase in the number of research articles. The annual percentage growth rate in the number of articles is witnessed to be 10.50%, indicating the growing importance and relevance of the underlying field. The above metrics indicates that family firms' internationalisation is a growing and evolving research area, thereby offering more avenues of future research.

3.3.3. Author Influence

Table 3.2: The top 10 Contributing Authors (Number of Articles, H-Index, Total Citations)

Authors	Number of Articles	H-Index	Total Citations	Publication Year Start
CALABRO A	11	8	396	2009
KRAUS S	6	5	137	2014
KONTINEN T	5	5	201	2010
OJALA A	5	5	201	2010
CLAVER E	4	3	200	2007
GRAVES C	4	3	371	2004
MAJOCCHI A	4	3	48	2016
QUER D	4	3	200	2007

RIENDA L	4	3	200	2007
ARREGLE JL	3	2	138	2012

Table 3.2 presents the list of the top 10 authors who have made significant contributions in the field of family firms' internationalisation. It presents the top 10 most productive authors in terms of the number of articles that they have published, their H-Index and the total number of citations that they have received. *Calabro, A.* tops the list with 11 research articles and 396 total citations, who started his publications on family business in the year 2009. Also, due to his maximum number of articles and citations, he also tops the H-Index list, which is based on the number of citations and the authors' most cited papers. The list is followed by *Kraus, S.*, with 6 research articles, 137 total citations and H-Index of 5. *Kontinen, T.* takes the third place with 5 research articles, but since his total citations (201) are more than *Kraus, S.* (137), he is able to attain the same H-Index of 5, as that of Kraus.

- *Authors' Dominance Ranking*

Table 3.3: Authors' Dominance Ranking

Authors	Dominance Factor (DF)	Total Articles	Single Authored	Multi Authored	First Authored	Rank By DF
KONTINEN T	1.0000000	5	0	5	5	1
ARREGLE JL	1.0000000	3	0	3	3	1
CLAVER E	0.7500000	4	0	4	3	3
GRAVES C	0.7500000	4	0	4	3	3
CESINGER B	0.6666667	3	0	3	2	5
CALABR A	0.5454545	11	0	11	6	6
DE MASSIS A	0.3333333	3	0	3	1	7
MAJOCCHI A	0.2500000	4	0	4	1	8
RIENDA L	0.2500000	4	0	4	1	8
KRAUS S	0.1666667	6	0	6	1	10

Table 3.3 depicts the authors' dominance ranking, wherein, the authors' have been ranked on the basis of the number of times they appear as the first authors in the multi-authored articles. The above table indicates that both *Kontinen, T.* and *Arregle, J.L.* have secured the place of first author in all their multi-authored articles. Similarly, out of 4 research articles, both *Claver, E.* and *Graves, C.* have appeared as first authors in 3 of the articles, and so on. Thus, dominance

ranking indicates the extent to which the research teams are been dominated by some specific authors.

3.3.4. Leading Journals and Articles

- *The Top Ten Contributing Journals*

Table 3.4: The Top 10 Contributing Journals

	FBR	GSJ	JBR	IJGSB	IBR	JSBED	RIBS	JFBM	JIBS	EBER
1991	1									
1992										
1993	1									
1996	1									
1999	1									
2000	2									
2004				1						
2005	1			2						
2006	1					1			1	
2008	1					1				
2009	1		1	1						
2010						1			1	
2012						1		1		
2013					1	1				
2014	1		1	1	1			1		
2015			1							1
2016			3	2	2			2	1	
2017					1	1	6			2
2018		8	1					1	1	1
2019			1		1				1	
Total	**11**	**8**	**8**	**7**	**6**	**6**	**6**	**5**	**5**	**4**

FBR- Family Business Review, GSJ- Global Strategy Journal, JBR- Journal of Business Research, IJGSB- International Journal of Globalisation and Small Business, IBR- International Business Review, JSBED- Journal of Small Business and Enterprise Development, RIBS- Review of International Business and Strategy, JFBM- Journal of Family Business Management, JIBS- Journal of International Business Studies, EBER- Entrepreneurial Business and Economics Review

Table 3.4 presents the list of top 10 contributing journals in terms of number of articles published over the years in the field of family firms' internationalisation. *Family Business Review* attains the first place with 11 research articles, followed by *Global strategy Journal* with 8 research articles, *Journal of Business Research* with 8 articles, *International Journal of Globalisation and Small Business* with 7 articles, and so on. *Family Business Review* is

witnessed to be the most consistent and oldest journal dealing with family business research. Further, there were some upcoming journals that have showed their recent interests in the issues relating to family firms' internationalisation like *Global Strategy Journal*, *International Business Review*, *Journal of International Business Studies, Review of International Business and Strategy* and *Entrepreneurial Business and Economic Review*, indicating the growing and evolving literature in this field.

- *The Top 10 Frequently-cited Articles*

Table 3.5 The Top 10 Frequently-cited Articles

Author(s)	Article Title	Journal	Total Citations	Total Citations per Year
Gomez-Mejia, L.R.; Makri, M.; Kintana, M.L. (2010)	Diversification Decisions in Family-Controlled Firms	Journal of management Studies	464	51.56
Zahra, S.A. (2003)	International Expansion of U.S. Manufacturing Family Businesses: The Effect of Ownership and Involvement	Journal of Business Venturing	417	26.06
Fernandez, Z.; Nieto, M.J. (2006)	Impact of Ownership on the International involvement of SMEs	Journal of International Business Studies	267	20.54
Fernandez, Z.; Nieto, M.J. (2005)	Internationalisation Strategy of Small and Medium Sized Family Businesses: Some Influential Factors	Family Business Review	261	18.14
Gallo, M.A.; Sveen, J. (1991)	Internationalizing the Family Business: Facilitating and Restraining Factors	Family Business Review	172	6.14
Graves, C.; Thomas, J. (2008)	Determinants of Internationalisation Pathways of Family Firms: An Examination of Family Influence	Family Business Review	157	14.27
Bhaumik, S.K.; Driffield, N.; Pal, S. (2010)	Does Ownership Structure of Emerging-Market Firms affect their Outward FDI? The Case of the Indian Automotive and Pharmaceutical Sectors	Journal of International Business Studies	149	16.56
Graves, C.; Thomas, J. (2006)	Internationalisation of Australian Family Businesses: A Managerial Capabilities Perspective	Family Business Review	146	11.23
Sciascia, S.; Mazzola, P.; Astrachan, J.H.; Pieper, T.M. (2012)	The Role of Family Ownership In International Entrepreneurship: Exploring Non-Linear Effects	Small Business Economics	134	19.14
Gallo, M.A.; Pont, C.G. (1996)	Important Factors in Family Business Internationalisation	Family Business Review	130	5.65

Table 3.5. gives the list of most frequently-cited articles/manuscripts in the underlying area. With 464 total citations and 51.56 total citations per year, article '*Diversification Decisions in Family-Controlled Firms'* authored by Gomez-Mejia, L.R.; Makri, M.; Kintana, M.L. in 2010 tops the list, followed by '*International expansion of U.S. manufacturing family businesses:*

the effect of ownership and involvement' authored by Zahra, S.A. in 2003, and so on. Out of top 10 cited articles, 5 are published in *Family Business Review* indicating the consistency and quality of the journal.

3.3.5. Publication Distribution by Region

Table 3.6a: Corresponding Authors' Countries

Country	Number of Articles
USA	16
Italy	15
Spain	12
Germany	7
United Kingdom	7
Finland	6
France	6
Taiwan	5
Australia	4
Poland	4

Table 3.6b: Total Citations per Country

Country	Total Citations	Average Article Citations
USA	1246	77.9
Spain	1007	83.9
Italy	401	26.7
Australia	303	75.8
United Kingdom	276	39.4
Germany	220	31.4
France	218	36.3
Finland	204	34.0
Singapore	96	96.0
Austria	68	34.0

Table 3.6a presents the list of top 10 contributing countries in terms of the number of articles been published by the corresponding authors from these countries. USA tops the list with 16 research articles, followed by Italy with 15 articles, Spain with 12 articles, and so on. Majority of these top countries are developed nations, indicating the need and opportunity for the scholars from developing nations to contribute in the underlying research stream. Also, Europe is identified as making the significant contributions relating to family firms' internationalisation, as 7 out of the top 10 countries, are from Europe.

Table 3.6b presents the total and average citations of the top 10 contributing countries, with USA again taking the first place with 1246 total citations. However, its average citations (77.9) are lower than that of Spain (83.9), indicating the greater quality of research work stemming from Spain in comparison to USA. Although scholars from Italy have published more articles (15) than Spain (12), the articles from Spain received higher total and average citations due to their greater significance on quality research work. Thus, it is imperative to not just consider

the quantity of publications, but also their quality in terms of total and average citations received, while ranking the countries in terms of their productivity.

- *Country Collaboration*

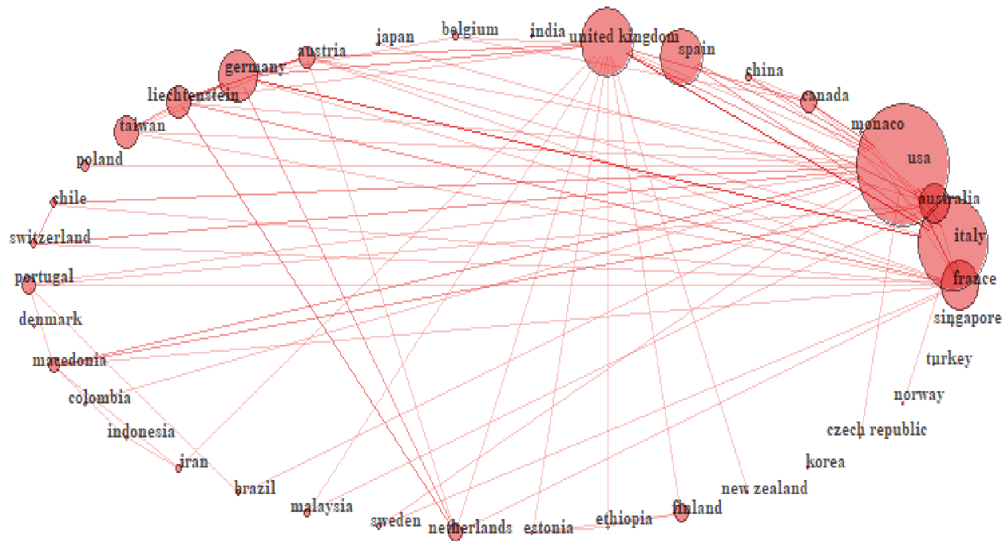


Figure 3.3: Country Collaboration Network

Figure 3.3 depicts the collaborative practices and networks between the countries while undertaking research in the area of family firms' internationalisation. The scholars are undertaking international collaborations to exhibit an exhaustive and comprehensive picture of the issues revolving around the word, facilitate the exchanges of ideas and facts in the area of study. The above figure depicts that USA has maximum collaborations with other countries (represented by the biggest circle), followed by Italy, United Kingdom, Spain, Germany, and so on. These collaborations indicate strengthening of networks and relationships among the countries within the research community.

3.3.6. Co-citation Analysis

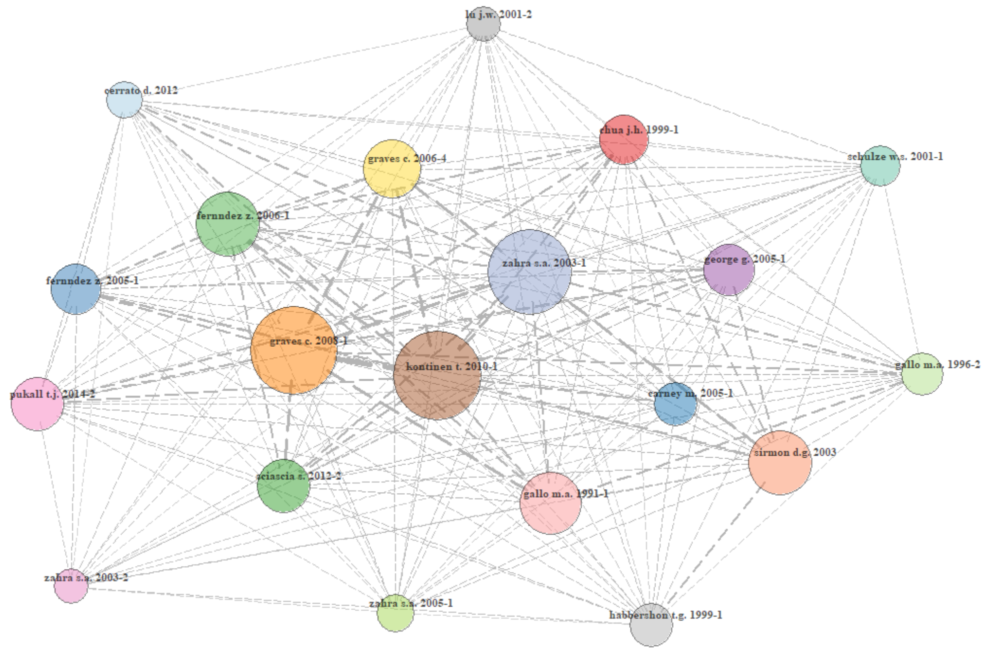


Figure 3.4: Co-Citation Network

Figure 3.4 presents the co-citation network. Taking from (Aria & Cuccurullo), "co-citation of two articles refers to, when both the articles are cited in a third article". The network aids in identifying the number of co-citations between the articles. Since, *Kontinen, T.* (2010), *Zahra, S.* (2003) and *Graves, C.* (2008), are represented with bigger circles, it indicates that they have maximum connections with other articles and have been highly cited with them in a third document. The dark lines represent the strong connections between the articles and as these lines becomes lighter and dotted, it indicates weak and indirect relationship between the articles. These connections and networks between the articles represent a similarity between them, either in terms of themes, techniques, etc.

3.4. Theoretical Background

Internationalisation is characterised as being the process of consistent involvement and participation in the overseas markets. With the advent of globalization, family firms are realising the significance of making their entrance abroad and thus expanding internationally.

Over the years, scholars are making greater attempts to explore if internationalisation poses opportunities or challenges to the family firms.

Review of literature in the following sub-sections has been attempted by classifying and organising the entire literature of family firms' internationalisation (142 articles) into five major themes. The themes have been identified by conducting thematic analysis wherein homogeneous factors, ideas and arguments were been clustered together to form a theme. For e.g., all the factors relating to firms' ownership as well as involvement in management and board were clustered into a theme namely, *Family Control*; all the family specific traits that distinguish a family firm from the non-family firms such as SEW, bifurcation bias, family generation, family ties, family risk perception and their long term orientation were clustered into a theme namely, *Peculiar Family Characteristics*; all the factors relating to firms' internal and external environment including internal resources and home and host country factors were clustered into a theme namely, *Business Environment*; various theories and models explaining the family firms' internationalisation were clustered into *Internationalisation Theories and Models*; and finally the family firms' internationalisation strategies and their foreign market entry modes could be clustered into a theme namely, *Internationalisation Process*.

3.4.1. Family Control

Despite its significance, results are still inconclusive and unclear with respect to the relationship between family control and family firms' degree of internationalisation. On one hand, it is often observed that family firms have the fear of losing their family control and power while expanding their operations abroad (Tsao *et al.,* 2018). As a result, firms with highly concentrated family ownership and having high involvement in firms' management or board are viewed as risk averse, thereby avoid taking uncertain decisions like internationalisation (Jimenez *et al.,* 2019; Ray *et al.,* 2018; Calabro *et al.,* 2013). It is often said

that the involvement of non-family managers becomes salient to overcome the shortfall in family members' expertise since they help in creating distinct and inimitable knowledge-based resources, experiences and network ties (Alayo *et al.,* 2019; Calabro *et al.,* 2017) and provides greater risk sharing to family firms (Claver *et al.,* 2009), thereby fostering the pace of family firms' internationalisation. Example, Burman family-owned firm, Dabur, decided to professionalise its operations in 1990s. While Dabur maintained the family ownership in the organisation, they decided to professionalise their managerial operations by recruiting members from outside, as the company reached its fifth generation. By 2011, such professionalism aided Dabur in establishing 17 overseas plants (Srinivasan *et al.,* 2019). Another school of thought posits that the rise in family members involvement in management, ownership and governance altogether, leads to efficient flow of information, knowledge and ideas between the owners and the managers, thereby, stimulating their internationalisation process (Tsao *et al.,* 2018; Zahra, 2003).

It is often contented that such obstacles and resistance by family firms to expand overseas is mitigated with the presence of foreign investors in the firms' ownership structure. Such local foreign partners bring in additional risk bearing capacity and aids in accumulating the high-quality network relationships and resources, ultimately helping them to efficiently penetrate into foreign markets (Ray *et al.,* 2018; Bhaumik *et al.,* 2010). Likewise, the presence of corporate block-holders in the family firms' ownership structure, stimulates their degree of internationalisation since these block-holders provide access to quality resources, network relationships, managerial capabilities, ultimately reducing the family firms' risk aversion (Fernandez & Nieto, 2006; Fernández & Nieto, 2005). The above review implies that a family firm must undertake certain modifications in their attitudes and orientation to broaden up their international horizon.

3.4.2. Peculiar Family Characteristics

With the advent of globalisation, all the firms are realising the significance of making their entry abroad. However, as observed already, family firms carry out and execute their internationalisation process differently from non-family firms due to their peculiar family characteristics like Socioemotional Wealth (SEW), family generation, family ties, bifurcation bias, etc. Due to the dread of losing SEW i.e. 'the family members' social needs or various other non-economic benefits accruing beyond the financial rewards from running a business', family firms exhibit lower degree of internationalisation since it leads to sharing decision making authority with the foreign partners and suppliers (Pongelli *et al.,* 2019; Gomez-Mejia *et al.,* 2010). At any moment, they are willing to assume higher risks only if undertaking such risks provides them the opportunity to preserve firms' non-economic assets (Gomez-Mejia *et al.,* 2010; Tsao *et al.,* 2018; Dou *et al.,* 2019; Evert *et al.,* 2018; Monreal-Pérez & Sánchez-Marín, 2017; Zahra, 2003). They have a general preconceived notion that the rewards from internationalisation are not worthy enough against the risk associated with the changes in the operational structure and the loss of SEW (Alessandri *et al.,* 2018).

The existence of multiple generations fosters the family firms' internationalisation process, mainly because, multiple generation family members possess diverse knowledge and information, which is paramount for their internationalisation (Dou *et al.,* 2019; Gallo & Sveen, 1991), as opposed to Alayo *et al.* (2019), who claims that the involvement of multiple generations results in divergent managerial perspectives, ideas, vision and mission, thus disrupting cooperation and coordination. Family firms controlled by founding generation display greater commitment in preserving their SEW and family name to successfully hand it over to the future generations, thereby exhibit lower inclination towards uncertain decisions like internationalisation (Fang *et al.,* 2018; Menéndez-Requejo, 2005). In contrast, the younger generations in the family firms are better able to locate the efficient international opportunities

due to up to-date skills, knowledge, technology and capabilities (Calabro *et al.,* 2016; Colli *et al.,* 2013; Fernández & Nieto, 2005), willing to assume greater risks (Dou *et al.,* 2019; Menéndez-Requejo, 2005) and exhibit lower attachment in preserving family assets (Fang *et al.,* 2018), thereby stimulating their internationalisation. However, some scholars rather believe, that as the founder generation grows old (Davis & Harveston, 2000) and as the level of knowledge-based resources in the firm rises (Fang *et al.,* 2018), the founder generation accumulates necessary experience, skills and expertise, thereby propelling them to successfully internationalise their operations abroad (Okoroafo, 1999; Davis & Harveston, 2000; Fang *et al.,* 2018). It is imperative to understand that the degree of family firms' internationalisation is affected by the firms' intergenerational dynamics and not by the succession per se. Thus, greater the levels of competence-based trust between the incumbent and successor, the higher is the possibility to arrive at a common goal towards the internationalisation of the firm (Shi *et al.,* 2019; Calabro *et al.,* 2016).

It is also observed that family firms suffer from high degrees of bifurcation bias i.e. considering family assets superior to non-family ones. They exhibit greater sensitivity and attachment towards the firm and the family members, deterring them to hire external professional managers, which is found critical to their internationalisation (Kano & Verbeke, 2018; Majocchi *et al.,* 2018). Example, family run Jet Airways was forced to suspend all its operations in April 2019 since it experienced lack of external professionalism due to majority of family members sitting on the board of the airline (Bhattacharyya, 2019). Firms with the authoritarian family structure exhibit greater degree of bifurcation bias, ensuring that the top most positions in the family firms to be occupied with the family members only, even if they are not capable of handling the responsibilities and duties of such positions (Arregle *et al.,* 2019). It is observed that the family firms would be able to achieve efficient international expansion only if they are willing to give away with their bifurcation bias (Kano & Verbeke, 2018). The review of the

above literature ultimately reckons presents the significance of peculiar family characteristics in influencing their internationalisation decisions. The understanding of these characteristics become paramount for the family business leaders since they play a key role in distinguishing family firms' internationalisation with their non-family counterparts.

3.4.3. Business Environment

- ***Internal Business Environment***

In every firm, there are certain elements residing within an organisation that influences its decision-making process, either positively or negatively. In family firms too, very often they exhibit greater willingness to internationalise, however, their operations are restricted by the specific environment in which they thrive. Many of these restrictions include viz., higher risk aversion behaviour (Monreal-Pérez & Sánchez-Marín, 2017; Graves & Thomas, 2006), combined with their limited financial resources (Ramón-Llorens *et al.,* 2017; Claver *et al.,* 2009; Graves & Thomas, 2008; Graves & Thomas, 2006; Gallo & Pont, 1996); lack of experienced human resources (Cesinger *et al.,* 2014; Kontinen & Ojala, 2010a; Bhaumik *et al.,* 2010; Graves & Thomas, 2006; Gallo & Pont, 1996); fewer network ties (Graves & Thomas, 2004) and obsolete technology (Gallo & Pont, 1996), ultimately restricting their *ability* to undertake risky and resource demanding activities like internationalisation. It is therefore imperative to distinctly assess the impact of both the family firms' *willingness* and *ability* on their degrees of internationalisation (Dou *et al.,* 2019; Evert *et al.,* 2018). It is often observed that family firms are reluctant in hiring non-family external professional managers to finance their international expansion as it will dilute their family control and might invade their privacy (Graves & Thomas, 2006; Ramón-Llorens *et al.,* 2017; Monreal-Pérez & Sánchez-Marín, 2017; Bhaumik *et al.,* 2010; Claver *et al.,* 2009; Graves & Thomas, 2008). However, for family firms it is important to realize that presence of external non-family managers and external capital strengthens family firms with supplementary intangible resources, financial resources

and high degree of professionalism, which is imperative for their internationalisation (Majocchi *et al.,* 2018; D'Angelo *et al.,* 2016; Claver *et al.,* 2009; Calabro *et al.,* 2009). Researchers have also come up with a contrasting point of view wherein they witness that family firms internationalise more due to the presence of experienced family members on the firms' board (Dou *et al.*, 2019; Casillas & Acedo, 2005); heterogeneity in the top management team with diversified educational background (Tsao *et al.,* 2018); higher degrees of innovation (Corsi & Prencipe, 2018; Braga *et al.,* 2017; Davis & Harveston, 2000); rapid decision making skills (Marinova & Marinov, 2017); strong network ties with international partners (Graves & Thomas, 2006; Marinova & Marinov, 2017; Cesinger *et al.,* 2016; Zain & Kassim, 2012); high degrees of trust among family members (Colli *et al.,* 2013) and their ability to efficiently capitalise on limited resources (Graves & Thomas, 2006).

- ***External Business Environment***

For businesses to be successful, it is imperative to have a clear and constant understanding of the fluctuations happening in their external environment. Due to the uncertainties associated with foreign markets, family firms generally prefer to expand their operations in less distant countries which could be handled with limited managerial expertise and capabilities (Graves & Thomas, 2006; Cesinger *et al.,* 2014; Gomez-Mejia *et al.,* 2010; Graves & Thomas, 2008; Rexhepi *et al.,* 2017). In fact, the negative effects of such psychic distance are found to be more pronounced in family firms since they lack experienced human resources having diverse international market knowledge (Cesinger *et al.,* 2014; Kontinen & Ojala, 2010a). Even if the family firms have less information and knowledge about developed markets, still they prefer internationalising their operations in economies characterized with highly secured market mechanisms rather than countries with poorly regulated market systems (Hernandez *et al.,* 2018). In contrast, Bhaumik and Driffield (2011), in their study witnessed that Indian family firms are inclined in making their OFDI in developing economies rather than in developed

economies because it is easy to replicate their business models in such economies due to the similarity in terms of market dynamics and institutional systems (Arregle *et al.,* 2019; Bhaumik & Driffield, 2011). Also, family firms would exhibit a greater tendency to internationalise their operations, if the foreign business partner is also a family-owned firm, since it will help in mitigating various cultural and operational barriers (Swinth & Vinton, 1993; Gallo & Pont, 1996).

It is observed that once family firms have initiated their expansion in international markets, they do not lag behind the non-family firms in terms of the progression in their extent of internationalisation (Graves & Thomas, 2004). However, successful internationalisation calls for the integration of foreign market experience of both the non-family and family members (Majocchi *et al.,* 2018). Thus, a comprehensive understanding of the factors prevailing in the external business environment will assist family firms in identifying the profitable opportunities abroad, ultimately shaping their internationalisation strategies.

3.4.4. Internationalisation Theories and Models

Over the years, literature has witnessed the evolution in the international business theories, explaining the transition in the nature and pattern of the firms' internationalisation over time. Uppsala model has been considered as the most recognized internationalisation theory. With respect to this, it is observed that family firms tend to follow Uppsala Model of internationalisation since they are characterized by limited knowledge and experience about foreign markets. They initiate their internationalisation with geographically close countries requiring lower degrees of resources, knowledge and experience, and gradually they tend to expand their operations in more distant countries after accumulating sufficient knowledge, skills and experience (Cesinger *et al.,* 2014; Claver *et al.,* 2007; Kontinen & Ojala, 2010a). This model was then revised to the network theory which states the importance of building strong network ties with the external partners for successful internationalisation. However,

these existing internationalisation theories often fail to fully describe the internationalisation process of family firms, due to their peculiarities related to SEW (Cesinger *et al.,* 2016).

Drawing on the Resource Based View (RBV) perspective, it is observed that family firms who are able to generate inimitable, rare, valuable and non-substitutable resources are able to enhance their export intensity (Alonso & O'Brien, 2017; Casillas & Acedo, 2005). The resource dependency theory argues that the acquisition of external resources like non-family members augments the family firm's resource pool by bringing in the external international market knowledge which is vital for accomplishing the firms' strategically important decisions like internationalisation (Calabro *et al.,* 2009; Calabro *et al.,* 2017).

Taking into consideration the stewardship theory perspective, there is a high degree of competence-based trust in family firms, such that family members act as the good stewards of the company. Instead of personal goals, all the family members always prioritize firms' goals, mission and objectives, thereby, helping them to arrive at a common goal towards the internationalisation of the firm (Calabro *et al.,* 2016; Zahra, 2003). When a firm is owned as well as managed by family members, it follows the stewardship theory perspective since both the principal as well as agent are the family members and hence there is no conflict of interest (Avrichir *et al.,* 2016). However, when a family firm is owned by family members but is managed by non-family members, agency theory comes into play since non-family members tend to take risky decisions for their short-term gains which are not in the best interest of the family owners (Avrichir *et al.,* 2016; Mitter *et al.,* 2014). In contrast, another set of scholars believe Behavioural Agency Theory to be better explaining the conduct of family firms rather than Agency Theory. The theory advocates that it is not the general rule for the firms' managers and owners to be certainly risk averse, rather there is a specific premise or ground for the firms to behave in a particular manner. Thus, this model explains that the premise for the family firms to be risk averse is due their desire to preserve their SEW (Evert *et al.,* 2018).

By virtue of Kinship Theory (Okoroafo, 1999), it is contended that the likelihood of family firms' internationalisation intensifies with the presence of family-owned firms abroad, enabling them to better share their core values and outrightly alleviating all the barriers approaching their internationalisation process (Swinth & Vinton, 1993; Gallo & Pont, 1996). Also, Social Capital Theory explains that family firms possess greater degrees of social capital, wherein, high degrees of trust and strong bond among family members leads to enhanced communication in the family firms. As a result, family members are better able to share the accumulated knowledge and experience throughout the firm, which in turn stimulates their degree of internationalisation (Jimenez *et al.,* 2019; D'Angelo *et al.,* 2016). Drawing from upper echelons theory, it is argued that the specific characteristics of firms' managers like their knowledge, skills, etc. shape their decision-making ability. Eventually, it is observed that when CEOs in family firms possess a good educational base, they are able to process diverse market information efficiently, ultimately leading to greater levels of internationalisation (Ramón-Llorens *et al.,* 2017). The comprehensive knowledge of these theories and models assists in linking and corroborating the internationalisation process and patterns of family firms with the underlying theoretical concepts and ideas. Furthermore, these theories and models offer conceptual explanation and rationale behind varying internationalisation strategies adopted by family firms during their internationalisation process.

3.4.5. Internationalisation Process

Family ownership impacts the choice of foreign market entry decisions of family firms. Drawing on SEW perspective, family firms are more concerned about preserving their family wealth and control and thus are reluctant in sharing their decision-making authority with the foreign partners. As a result, while expanding abroad, family firms have the inclination towards captive offshoring strategy i.e. operating in foreign markets through FDI (Pongelli *et al.,* 2019). Another view says that family firms prefer making early entry through indirect entry modes

like exports since it is considered as low risk entry mode, in comparison to FDI (Kontinen & Ojala, 2010a; Monreal-Pérez & Sánchez-Marín, 2017). In cases, where firms lack international market experience, family firms exhibit greater preference, in comparison to non-family firms, to enter foreign market through joint ventures rather than wholly owned subsidiaries. This is because, foreign partners are already familiar and possess adequate knowledge and experience about the foreign market, ultimately helping the family firms to penetrate into overseas markets (Kuo *et al.,* 2012). However, when the degree of internal and external uncertainties reduces (Kao & Kuo, 2017) and when family firms acquire sufficient international market experience (Kuo *et al.,* 2012), they exhibit greater preference for wholly owned subsidiaries so as to avoid any external party interference (Kao & Kuo, 2017; Kuo *et al.,* 2012). Thus, in conclusion, it is observed that family firms have such differing internationalisation strategies due to the heterogeneity residing within them with respect to various dimensions *viz.* the extent of family involvement, family resources, risk orientation, etc. Also, family firms shall focus on having a formally documented strategic plan in order to determine the appropriate foreign market entry mode, ultimately leading to successful internationalisation.

3.5. Conclusion

The systematic review of literature helped in uncovering the most impactful perspectives in the existing family firms' internationalisation literature and the evolving trends in the research streams. The results from bibliometric analysis clearly indicates that family firms' internationalisation is an upcoming research area offering greater opportunities for future research scope as evident from a sudden increase in the number of research articles *(see Figure 3.2)*. Although, according to a report by Credit Suisse Research Institute (2018), globally, India stands at the third position in terms of the number of family-owned businesses, Table 3.6a indicates that the majority of top 10 productive countries in the underlying area are developed nations, indicating the need and opportunity for the scholars from developing nations like India

to make significant contributions in the underlying research stream. Consequently, the systematic review of literature provided the direction to the researchers to first explore the factors affecting the internationalisation of Indian family firms (presented in Chapter 6) and then to analyse the impact of these factors on Indian family firms' degree of internationalisation (presented in Chapter 9).

CHAPTER 4

SYSTEMATIC LITERTAURE REVIEW ON FAMILY FIRMS' FOREIGN MARKET ENTRY MODE CHOICE

4.1. Introduction

Despite the widely held assumption that family firms are familial-oriented, risk-averse, and mainly operate locally, the integration of the world economy has spurred firms of all ownership types to expand their operations internationally in order to stay ahead of competitors (Zahra & George, 2002). Family firms possess various idiosyncratic characteristics that make their internationalisation unique (Arregle *et al.*, 2017). While non-family firms encounter potential economic gains and losses, family firms face a "mixed gamble" (Alessandri *et al.*, 2018; Gomez-Mejia *et al.*, 2018) wherein they weigh potential gains and losses among their two types of wealth – financial wealth and socioemotional wealth (SEW). Thus, the coexistence of financial and non-financial wealth is one of the unique characteristics of family firms that affect their internationalisation strategies (Debellis *et al.*, 2021). Consequently, it is believed that these peculiar family characteristics would affect the decision of family firms in choosing their foreign market entry mode strategies. Hence, it becomes imperative to understand the role of these peculiar family characteristics in determining the foreign market entry mode strategies of family firms.

Entry mode – the operational form deployed to enter the international markets – determines the success or failure of a firm in the global marketplace (Brouthers & Hennart, 2007). Results on family firms' entry mode choice are inconclusive wherein some scholars contend that in order to preserve family control and influence, family firms prefer wholly-owned subsidiary (WOS) over joint venture (JV) (Abdellatif *et al.*, 2010); while others observe that since family firms are risk-averse, they prefer entering foreign markets through JV since it allows them to share

risks with the partner abroad (Kuo *et al.*, 2012; Chrisman *et al.*, 2013); while some others believe that family firms majorly prefer entering foreign markets through exports (Kuo *et al.*, 2012) since the need to employ external expertise coupled with limited financial resources rules out equity entry mode options (Thomas & Graves, 2005). Thus, it is observed that family-specific factors make entry mode strategies of family firms different from that of non-family firms. Consequently, it is grabbing the attention of various researchers in the recent past to understand the factors that affect family firms' internationalisation strategies in terms of their entry mode decisions.

Although previous review studies have provided an overview of the factors affecting the degree of internationalisation of family firms (Alayo *et al.*, 2021; Debellis *et al.*, 2021; Arregle *et al.*, 2021; Thukral & Jain, 2021; Casprini *et al.*, 2020; Metsola *et al.*, 2020; Pukall & Calabro, 2014), a comprehensive review of the foreign market entry mode choices of family firms is awaited to provide future directions of research. Against this background, this review complements and extends prior reviews on the internationalisation of family firms by (i) providing a holistic view of both empirical as well as theoretical aspects of the entry mode decisions of family firms, and (ii) outlining future research directions that will aid in the advancement of the field. Thus, the study systematically reviews 50 research articles published in the past 29 years (1993-2021). For this purpose, the study employs the TCCM framework (Paul & Criado, 2020; Paul & Rosado-Serrano, 2019) to answer the following questions: (i) What *theories* have been adopted to explain the factors affecting the entry mode choice of the family firms? (ii) In which *contexts* (i.e. industries and countries) the underlying research has been investigated? (iii) What *characteristics* (i.e. independent, moderating, and dependent variables) have been studied? (iv) What *methods* have been employed to understand the underlying research area?

4.2. Review Approach and Structure

The study conducts a systematic literature review which provides a state-of-the-art understanding in the underlying research stream, identifies research gaps, and provides future research avenues (Paul & Criado, 2020). The study employs two sequential steps in systematically reviewing and organising the existing literature on family firms' mode of entry in the foreign market. The first step relates to the article selection process through PRISMA while the second step systematically organises, analyses, and syntheses the findings through TCCM framework.

4.2.1. Article Selection Process

The study follows the PRISMA (Preferred Reporting Items for Systematic Reviews and Meta-Analysis) guidelines (Moher *et al.*, 2009) for systematically selecting the articles. Various researchers across diverse areas and streams have employed PRISMA guidelines for systematically selecting research articles (Shahid & Alarifi, 2021; Thukral & Jain, 2021; Carvalho *et al.*, 2022; Kalman *et al.*, 2022). The PRISMA flow diagram is presented in *Figure 4.1*. At the *Identification* stage, the relevant database was identified first and searched the selected keywords in the database. The research articles were extracted from the Web of Science (WOS) database since high-quality academic journals are indexed in WOS (Alayo *et al.*, 2021; Paul & Criado, 2020). Following the guiding articles (Paul & Barrari, 2022; Tsiotsou et.al, 2022), the leading journals in the field of business and management, international business, and family business management with an impact factor of greater than 2.5 were selected and searched the combination of keywords (mentioned below) in these journals. The WOS database search yielded 553 research articles and individual journal searches, as well as the examination of the references, provided the additional 38 articles. After removing the duplicates, the researchers were left with 577 research articles.

At the *Screening* stage, the researchers examined the article abstract, title and keywords and obtained 153 relevant articles in the underlying research field. At the *Eligibility* stage, the remaining articles after their title and abstract screening, went for the full texts screening by the researchers. At this stage, the authors were able to eliminate 103 studies which did not relate to the underlying research area. A large number of articles were eliminated because the focal point of majority of these research articles was family firms' degree of internationalisation and not their mode of entry into foreign markets, which is the focus of the current review article. Finally, the *Included* stage mentions the final research articles that have been selected for the systematic review after excluding all the irrelevant studies. The article selection process rendered the final sample of 50 relevant articles.

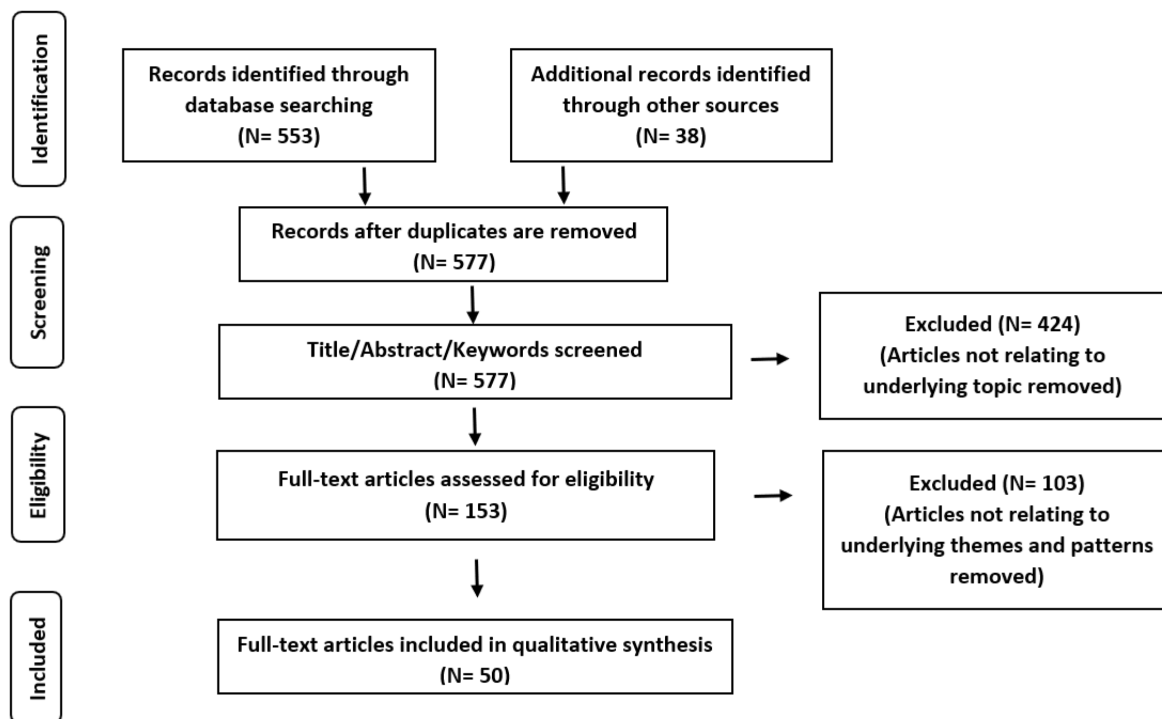


Figure 4.1: Methodology for Data Collection following PRISMA Guidelines

The following sub-section explain the inclusion criteria implemented for screening of the articles.

4.2.1.1. Inclusion Criteria

The study adopted the following inclusion criteria for extracting articles from WOS:

(i) The researchers for the combination of keywords based on past research studies (Pukall & Calabro, 2014; Alayo *et al.*, 2021), however, since our article focuses on entry mode strategies, some modifications and additions were made to the keywords list. The combination of the keywords was searched in the "*Topic*" which includes title, abstract, author keywords, and keywords plus. The following combination of keywords were searched – ("family firms" OR "family business*" OR "family involvement" OR "family owned" OR "family controlled" OR "family enterprise" OR "family influence" OR "family company") AND ("international market entry" OR "foreign market entry" OR "entry mode" OR "foreign market entry mode" OR "diversification" OR "FDI" OR "foreign direct investment" OR "joint venture" OR "wholly owned" OR "internationalisation" OR "internationalization" OR "international" OR "acquisition");

(ii) Since our objective was to include all the research studies that have been published on the underlying topic over the years, the time period criterion was kept open-ended which yielded articles for a period of 29 years (1993-2021);

(iii) the relevant disciplines considered were business, management, economics, business finance and social sciences interdisciplinary, and

(iv) articles published only in the English language were considered.

The above-mentioned criteria yielded 553 research articles in the WOS database. These research papers are published in 30 different journals which is presented in *Table 4.1*. Also, *Figure 4.2* depicts the publication trend of these research articles over a period of 29 years starting from 1993 till 2021 (the year 2021 has been taken till the month of July).

Table 4.1: Publication Sources

Journals	**No. of Articles**	**Articles**
Journal of Business Research	4	Mariotti *et al.* (2021); Pongelli *et al.* (2019); Kraus *et al.* (2016); Sanchez-Bueno & Usero (2014)
Journal of International Business Studies	4	Xu *et al.* (2020); Boellis *et al.* (2016); Filatotchev *et al.* (2007); Fisch & Schmeisser (2020)
International Business Review	3	Chang *et al.* (2014); Laufs and Schwens (2015); Casprini *et al.* (2020)
Family Business Review	3	Graves and Thomas (2008); Swinth and Vinton (1993); Pukall and Calabro (2014)
Global Strategy Journal	3	Yamanoi and Asaba (2018); Kano and Verbeke (2018); Alessandri *et al.* (2018)
International Journal of Emerging Markets	3	Hipsher (2008); Singh (2021); Qunyong (2017)
Entrepreneurship Theory and Practice	2	Sestu and Majocchi (2020); Reuber (2016)
European Journal of International Management	2	Dick *et al.* (2017); Stieg *et al.* (2017)
International Marketing Review	2	Pinho (2007); Kontinen and Ojala (2012)
Journal of Family Business Strategy	2	Kao and Kuo (2017); Abdellatif *et al.* (2010)
Journal of World Business	2	Ilhan-Nas *et al.* (2018); Debellis *et al.* (2021)
Review of International Business & Strategy	2	Rexhepi *et al.* (2017); Thukral and Jain (2021)
Asian Business & Management	1	Rienda *et al.* (2019)
Business History	1	Cheong *et al.* (2015)
European Management Journal	1	Kuo *et al.* (2012)
European Research on Management and Business Economics	1	Andreu *et al*. (2020)
International Journal of Entrepreneurial Behavior & Research	1	Loehde *et al.* (2020)
Journal for International Business and Entrepreneurship Development	1	(Suman, 2017)
Journal of Corporate Finance	1	Caprio *et al.* (2011)
Journal of General Management	1	Claver *et al*. (2007)
Journal of International Entrepreneurship	1	Kontinen and Ojala (2011)
Journal of International Management	1	Debellis *et al.* (2021)
Journal of Management & Organization	1	Kao *et al.* (2013)
Journal of Management Studies	1	Strike *et al.* (2015)
Long Range Planning	1	Shi *et al.* (2019)
Management International Review	1	Del Bosco and Bettinelli (2020)
Multinational Business Review	1	Audretsch *et al*. (2018)
Review of Managerial Science	1	(Alayo *et al.*, 2021)
Small Business Economics	1	Pongelli *et al.* (2016)

Thunderbird International Business Review	1	Scholes *et al.* (2016)

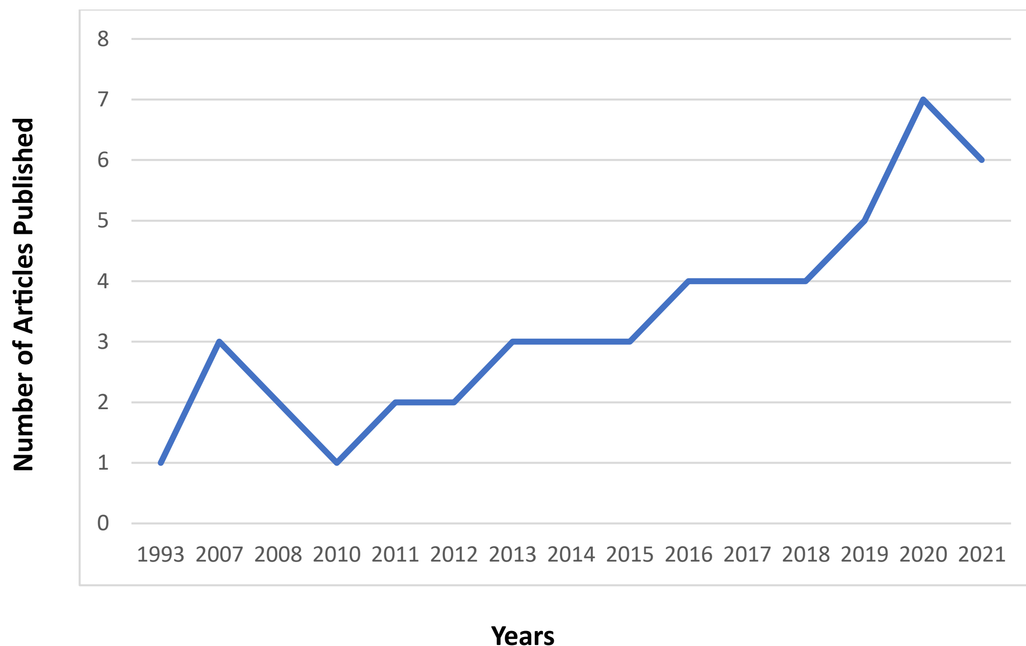


Figure 4.2: Publication Trend in the Underlying Research Area

4.2.2. Method of Analysis

The researchers systematically review the literature on family firms' foreign market entry mode strategies by employing the TCCM framework (Paul & Rosado-Serrano, 2019). TCCM framework has been widely employed in prior reviews articles (e.g. Billore & Anisimova, 2021; De Keyser & Kunz, 2022; Hassan *et al.*, 2022; Bhattacharjee *et al.*, 2022; Paul & Rosado-Serrano, 2019; Cheah et.al, 2022). TCCM framework aids in structurally organising the review and presents the widely employed Theories (T), Contexts (C), Characteristics (C), and Methodology (M) in a research domain (Paul & Rosado-Serrano, 2019; Chen *et al.*, 2021). It addresses the shortcomings of traditional systematic reviews by elucidating the empirical and theoretical facets of a research domain (Chen *et al.*, 2021). The framework helps in answering *What*, *Where*, and *How* questions in a research domain, i.e., *What* do we know about the research topic (i.e. Theories & Characteristics), *Where* is the research happening (i.e. Context) and *How* is the research conducted (i.e. Methodology) (Paul & Rosado-Serrano, 2019).

4.3. Theory

The literature on family firms' entry mode choice into foreign markets draws on various theoretical frameworks and lenses. The term theory refers to the set of statements that are empirically testable and systematically related (Hunt, 2002). Thus, theories provide the basis as to how a set of relevant constructs are related to one another (Chen *et al.*, 2021). *Table 4.2* provides an overview of the frequently used theories in the internationalisation of family business research and the extent (in percentage) to which these theories are employed in articles of top journals.

Table 4.2: Theories Employed in the Review Articles

Theory	**Articles (%)**	**Examples**
No Theory	39.47	Mariotti *et al.* (2021); Loehde *et al.* (2020); Boellis *et al.* (2016); (Pongelli *et al.* (2016); Chang *et al.* (2014)
Socioemotional Wealth (SEW)	21	Xu *et al.* (2020); Del Bosco and Bettinelli (2020); Yamanoi and Asaba (2018); Pongelli *et al.* (2019); Kraus *et al.* (2016)
Uppsala Model	18.42	Claver *et al.* (2007); Shi *et al.* (2019); (Kuo *et al.* (2012)
Transaction Cost Theory	13.15	Kuo *et al.* (2012); Kao *et al.* (2013); Kao and Kuo (2017); Sestu and Majocchi (2020)
Eclectic Theory	5.26	Pinho (2007); Singh (2021)
Resource-Based View (RBV)	5.26	Dick *et al.* (2017); Shi *et al.* (2019)
Institutional Theory	5.26	Ilhan-Nas *et al.* (2018); Rienda *et al.* (2019)
Other Theories	18.42	Xu *et al.* (2020); Andreu *et al.* (2020); Kano and Verbeke (2018); Ilhan-Nas *et al.* (2018)

The detailed discussion of these theories is presented in "Chapter 5 – Theoretical Frameworks". These theories are briefly discussed in the present chapter.

In accordance with the ***Socioemotional Wealth (SEW) perspective***, a family firm makes sure that the firm stays under the control of family members by employing family members and handing over the family business to future generations (Bruton *et al.*, 2003). Prior research suggests that family businesses tend to avoid risky decisions like internationalisation to preserve their SEW and if they decide to internationalise, they avoid risky internationalisation strategies (Kraus *et al.*, 2016; Gómez-Mejia *et al.*, 2010). Hence, they prefer greenfield

investment over acquisition as the entry mode since acquisition involves a greater risk of losing SEW due to their association with external agents (Gómez-Mejia *et al.*, 2010).

The ***Uppsala Model*** explains the incremental process of entering the foreign markets wherein firms gradually move to high resource commitment entry modes (e.g., foreign direct investment) as they gain resources as well as international experience (Johanson & Vahlne, 1977). However, it is argued that such international experience has a varying impact on family and non-family firms, due to family firms' unique desire to preserve their SEW (Kuo *et al.*, 2012). Experienced family firms are more likely to choose WOS over JV as compared to experienced non-family firms. This is because, as firms gain international experience, WOS becomes a preferable mode since the need to give up family control to the foreign partners no longer seem worthwhile (Kuo *et al.*, 2012).

Further, the ***Transaction Cost Economics (TCE) perspective***, has been found to be a suitable framework for analysing the idiosyncrasies of family firms, and scholars have called for a deeper integration of TCE in family business literature (Memili *et al.*, 2011). TCE theory is based upon the premise that transaction costs increase with the increase in the specificity of the assets to be traded (Dyer, 1997), thus causing market transactions to be less efficient and making integration more captivating. Since family control increases the degree of specificity of firms' assets, it is considered an important factor while determining the entry mode strategy in family businesses (Chrisman *et al.*, 2005). According to the transaction cost theory, it is argued that family firms develop and maintain certain firm-specific assets in comparison to non-family firms which are characterised by high transaction costs. The four types of such assets which are difficult to transfer and replicate are: bonding social capital, bridging social capital, reputational assets and tacit knowledge (Gedajlovic & Carney, 2010).

In accordance with the ***Resource-based View (RBV)***, it is argued that family firms face unique challenges in internationalisation due to their restricted talent pool and limited resources (Chrisman *et al.*, 2013; Le Breton-Miller *et al.*, 2011). Family firms often lack necessary financial and personnel resources required to implement the internationalisation strategy (Fernández & Nieto, 2005; Graves & Thomas, 2008). They tend to avoid external sources of funds and rely more on internal financing for internationalising their internationalisation (Dick *et al*., 2017). They prefer internal sources of finance due to the fear of losing family control and freedom to the external parties (Gallo *et al.*, 2004). However, a family's capital often does not suffice to support their internationalisation activities, especially the capital-intensive entry modes (Fernández & Nieto, 2005; Dick *et al.*, 2017).

According to ***institutional theory***, certain institutional factors in a country influence the entry mode choice between acquisition and greenfield investment. In family business literature, it is argued that when there is a greater institutional distance between the home and host country, family firms prefer to enter international markets through a joint venture with a local partner which makes it less challenging to comply with host country regulation and standards (Andreu *et al.*, 2020). However, when host countries are characterised by higher quality institutional systems, the family exhibits a greater desire to enter through full ownership mode rather than joint ventures. WOS becomes a preferable mode since the need to give up family control to foreign partners no longer seems worthwhile (Del Bosco & Bettinelli, 2020).

Further, there are some studies in the literature on family firms' entry mode decisions that rely on theories other than the ones discussed above. For instance, Rexhepi et al. (2017) employed ***Network Theory*** in explaining family firms' internationalisation wherein they argued that family firms initiate their internationalisation in the markets in which they have stronger networks. The theory explains that during the process of internationalisation, networks and relationships with suppliers, foreign partners, contractors, customers, and other competitors are

important. These networks and relationships provide information about new markets in which the firm intends to enter (Johanson & Mattsson, 1989). Thus, the theory argues that family firms prefer to enter international markets via JVs vis-a-vis WOS when they have network access and a trustworthy local partner. Ilhan-Nas *et al.* (2018) incorporated ***Agency theory*** and argued that the strategic planning process of MNEs is influenced by its board composition which affects their risk perception as well as their approach towards internationalisation. Instead of independent directors, boards dominated by family members are more likely to have a greater impact on the firm's strategic decision making, such as internationalisation (Demirbag *et al.*, 1995). Further, Andreu *et al.* (2020) employed the ***Stewardship Theory*** perspective in explaining that there is a socioemotional connection between the managers and owners of the family business and their ultimate aim is the long-term survival of the family business by successfully passing their business to the next generation. Hence, to achieve this long-term orientation, family businesses tend to undertake fast-growth strategies which ensure their long-term continuity and, at the same time allow family businesses to preserve their family control and influence.

4.4. Context

Tables 4.3 and 4.4 summarise our findings regarding the contexts investigated in the family firms' entry mode decisions. The total number of industries and countries exceeds the number of studies since some articles cover multiple industries and/or countries. The relative frequencies are computed as the absolute number of studies that feature a given country or industry to the total number of studies.

4.4.1. Industries

Our analysis exhibits that 42.1% of the studies are set in the manufacturing industry. This is not surprising given the fact that the manufacturing industry plays a central role in terms of

employment and international activity (Del Bosco & Bettinelli, 2020). Another plausible explanation is that the data on manufacturing firms is more easily available in databases (e.g. Pongelli *et al.*, 2019). Within the manufacturing industry, there are some studies that specifically mentioned the sub-industries; for instance, Del Bosco and Bettinelli (2020) examined textiles and clothing, machinery and equipment, and furniture industry; Graves and Thomas (2008) analysed printing and publishing, tobacco, textile, clothing, and footwear, while; Loehde *et al.* (2020) focused on iron, machinery and metal industry. It is surprising to note that the majority of the studies have not explained the rationale for specifically undertaking manufacturing industry firms as the unit of analysis.

The Information and Communications Technology (ICT) Industry accounts for 20.3% of the studies reviewed. Yamanoi and Asaba (2018) studied specifically the electronic machinery industry in Japan as it is populated by family-owned firms, thus enabling them to build a large sample of family businesses. Another reason specified is that the highest level of internationalisation in Taiwan is reported by the computer and electronics industry, thus indicating that firms from this industry have more international experience than any other industry (Kao & Kuo, 2017; Kuo *et al.*, 2012). Hence, a recent surge in the studies focussing on family firms in the electronics industry was witnessed.

Some papers also include other industries viz., FMCG industry (13%), hospitality industry (5%), retail industry (5%), and other industries (15%). Approximately 7% of the reviewed articles excluded banking and financial sector companies from analysis as they do not adopt conventional FDI strategies or they follow different accounting standards and are governed by different OFDI regulations. Also, there are certain studies (11%) which controlled for specific industries by including dummy variables, for instance; Filatotchev *et al.* (2007) included dummy for the electrical and textile industry, Sestu and Majocchi (2020) controlled for the

manufacturing industry, and Rienda *et al.* (2019) controlled for the technology industry. Finally, there are some studies (13%) that do not explicitly state the examined industry.

Table 4.3: Industries Investigated in the Review Articles

Industry	**Articles (%)**	**Examples**
Manufacturing (textile & clothing, furniture, machinery & equipment, footwear, printing, etc.)	42.1	Mariotti et al. (2021); Loehde et al. (2020); Del Bosco and Bettinelli (2020); Kontinen and Ojala (2012); Graves and Thomas (2008)
Information and Communications Technology (ICT) Industry (computer, electronic machines, IT services, software solutions, etc.)	20.3	Yamanoi and Asaba (2018); Kao and Kuo (2017); Kuo et al. (2012); Scholes et al. (2016); Chang et al. (2014); Kao et al. (2013)
Fast-moving Consumer Goods (FMCG) Industry	13	Kao et al. (2013); Singh (2021); Scholes et al. (2016)
Hospitality (hotel, restaurants, etc.)	5	Andreu et al. (2020); Hipsher (2008)
Retail Industry	5	Boellis et al. (2016); Pinho (2007)
Other Industries (e.g. Pharmaceuticals & Lifesciences, Automation, Iron & Steel, etc.)	15	Singh (2021); Claver et al. (2007); Chang et al. (2014); Boellis et al. (2016)

4.4.2. Countries

Our analysis clearly indicates that most of the reviewed studies are conducted in Europe (47%) and Asia (41.17%) and the remaining 2.9% in North America, 2.9% in Oceania, and 5.88% of the studies did not disclose the countries. In Asian countries, 14.7% of the reviewed studies have been conducted in Taiwan, 5.88% in Mainland China, 5.88% in Japan and 5.88% in India. While in Europe, most of the studies have been conducted in Italy (11.6%) and Germany (11.76%) followed by Spain (5.88%). Finally, 2.9% of the studies have been conducted in the US, 2.9% in Australia, 23.52% in other countries and 11.76% studies did not mention the country of investigation.

Taiwan is selected as the country of analysis in many research studies since it is a well-developed Asian economy with many characteristics of the Asian archetype in terms of corporate governance mechanisms such as extensive family control, the growing importance of institutional investors, and powerful insiders. Since Taiwan is similar to many other countries in South East Asia, it thus helps in generalising the results to other Asian economies.

Further, according to a report by Credit Suisse Research Institute, globally, Italy and Germany are amongst the top 10 nations in terms of the number of family-owned businesses (Credit Suisse Research Institute, 2018). Thus, this could be one plausible explanation for the higher number of studies undertaken in Italy and Germany.

Table 4.4: Countries Investigated in the Review Articles

Country	Articles (%)	Examples
Europe		
Italy	11.76	Mariotti et al. (2021); Del Bosco and Bettinelli (2020); Boellis et al. (2016)
Germany	11.76	Loehde et al. (2020); Audretsch et al. (2018); Dick et al. (2017)
Spain	5.88	Andreu et al. (2020); Claver et al. (2007).
Portugal	2.94	Pinho (2007)
France	2.94	Kontinen and Ojala (2011)
Netherlands	2.94	Suman (2017)
Finland	2.94	Kontinen and Ojala (2012)
Non-disclosed European Countries	5.88	Caprio et al. (2011); Pongelli et al. (2019)
Asia		
Taiwan	14.7	Kao and Kuo (2017); Kao et al. (2013); Kuo et al. (2012); Filatotchev et al. (2007); Chang et al. (2014)
Mainland China	5.88	Shi et al. (2019); Cheong et al. (2015)
Japan	5.88	Yamanoi and Asaba (2018); Abdellatif et al. (2010)
India	5.88	Rienda et al. (2019); Singh (2021)
Cambodia	2.94	Hipsher (2008)
Singapore	2.94	Scholes et al. (2016)
Turkey	2.94	Ilhan-Nas et al. (2018)
North America		
United States of America	2.94	Strike et al. (2015)
Oceania		
Australia	2.94	Graves and Thomas (2008)
Country not Reported	5.88	Xu et al. (2020); Sestu and Majocchi (2020)

4.5. Characteristics

Our review indicates that researchers have investigated a variety of antecedents affecting the family firms' foreign market entry mode strategies. Table 4.5 provides an overview of the variables that have been examined in the underlying research. These variables were classified according to their role in each study i.e., independent, dependent, and moderating variables. Within independent and moderating variables, the variables were further classified into family-related variables, firm-related variables, and country-related variables.

Table 4.5: Variables Investigated in the Review Articles

Variables	Articles (%)	Examples
Independent Variables		
Family-related Variables		
Family Ownership	50	Xu et al. (2020); Andreu et al. (2020); Rienda et al. (2019); Yamanoi and Asaba (2018)
Family members' involvement in management	13.5	Andreu et al. (2020); Boellis et al. (2016)
Family members on board	10.52	Del Bosco and Bettinelli (2020); Kao and Kuo (2017)
Family Generation	7.89	Mariotti et al. (2021); Shi et al. (2019)
Family Social Capital	2.63	Kontinen and Ojala (2011)
Socioemotional Wealth	2.63	Kraus et al. (2016)
Family Values	2.63	Swinth and Vinton (1993)
Other family-related variables (e.g. Binding social ties, emotional attachment, family board ownership, etc.)	15.78	Debellis et al. (2021); Swinth and Vinton (1993); Ilhan-Nas et al. (2018)
Firm-related Variables		
International Experience	13.15	Kuo et al. (2012); Pinho (2007)
Financial Resources	7.89	Dick et al. (2017)
International Networks	7.89	Kontinen and Ojala (2012); Kraus et al. (2016); (Loehde et al. (2020)
Institutional Ownership	5.26	Xu et al. (2020); Filatotchev et al. (2007)
Firms' R&D	5.26	Singh (2021); Pinho (2007)
Product Development	2.63	Singh (2021); Rexhepi et al. (2017)
Voting Rights of Largest Shareholder	2.63	Caprio et al. (2011)
Other firm-related variables (e.g. Internal Uncertainty, risk-sharing with JV partner, CEO Career Horizon, Entrepreneur's Education)	15.78	Loehde et al. (2020); Kao and Kuo (2017); Strike et al. (2015)
Country-related Variables		
Cultural Distance	10.52	Loehde et al. (2020); Del Bosco and Bettinelli (2020); Claver et al. (2007)
Geographical Distance	5.26	Del Bosco and Bettinelli (2020); Claver et al. (2007)
External Uncertainty	5.26	Kao and Kuo (2017); Kao et al. (2013)
Host Country Governance Quality	5.26	Chang et al. (2014)
Institutional Distance	2.63	Del Bosco and Bettinelli (2020)
Host Country Risk	2.63	Pinho (2007)
Psychic Distance	2.63	Kontinen and Ojala (2012)
Other country-related variables (e.g. Legal restrictions, level of competition, host country sales potential, etc.)	7.89	Pinho (2007); Hipsher (2008); Graves and Thomas (2008); Scholes et al. (2016)
Moderating Variables		
Family-related Variables		
Family Involvement in Board	5.26	Del Bosco and Bettinelli (2020); Kao and Kuo (2017)
Family CEO	5.26	Del Bosco and Bettinelli (2020); Strike et al. (2015)
Family Generation	2.63	Mariotti et al. (2021)
Family ownership	2.63	Kao and Kuo (2017)
Other family-related variables (e.g. family involvement in management, generation of family CEO, etc.)	5.26	Pongelli et al. (2016); Strike et al. (2015)
Firm-related Variables		
International Experience	5.26	Loehde et al. (2020); Boellis et al. (2016)
Country-related Variables		
OFDI Destination	2.63	Rienda et al. (2019)
Corruption in Host Country	2.63	Yamanoi and Asaba (2018)
Institutional Distance	2.63	Pongelli et al. (2016)
Dependent Variables		

WOS vs JV	21.05	Sestu and Majocchi (2020); Del Bosco and Bettinelli (2020); Kao and Kuo (2017); Kao et al. (2013)
Greenfield Investment vs Acquisition	15.78	Mariotti et al. (2021); Rienda et al. (2019); Boellis et al. (2016)
Equity vs Non-equity	10.52	Filatotchev et al. (2007); Pinho (2007); Ilhan-Nas et al. (2018)
Minority JV vs Majority JV vs Acquisition vs Greenfield Investment	2.63	Xu et al. (2020)
Full Ownership vs Partial Ownership	2.63	Yamanoi and Asaba (2018)
Strategic Alliance vs Joint Venture vs Acquisition	2.63	Singh (2021)
Exporting vs licensing vs franchising vs FDI	2.63	Dick et al. (2017)
Other Variables (e.g. Franchises vs Lease Agreement, captive offshoring vs offshore outsourcing, etc.)	18.42	Andreu et al. (2020); Pongelli et al. (2019); Pongelli et al. (2016)

4.5.1. Independent Variables

This section summarises the role of all the independent variables undertaken by the researchers in the past while explaining the foreign market entry mode decisions of family firms. Thus, this section helps understand that which factor promotes which type of foreign market entry mode in family firms i.e., exports or joint venture or acquisition or greenfield investment, etc. Based upon the review of literature, the researchers categorised these variables into three categories – Family-related variables, Firm-related variables and Country-related variables. Thus, the following sub-sections explain the relationship between these independent variables and family firms' foreign market entry mode decisions. Table 4.5 shows the different groups and subgroups in which the independent variables have been categorised which affect the foreign market entry mode decisions of family firms.

Family-related Variables. Family-related variables cover family ownership (50% articles), family members' involvement in management (13.15%), family members' representation on firms' board (10.52%), family generation (7.89%), and very few studies cover variables like family social capital (2.63%), family values (2.63%), Socioemotional Wealth (SEW) endowment (2.63%) and founder family ownership (2.63%). In family firms, family-related variables play a critical role in determining their strategic decisions, one of them being their

entry mode decision. Besides economic logic, family firms' strategic decisions are guided by such peculiar family characteristics. Thus, the following sub-section explains as to how these peculiar family characteristics lead to varying entry mode decisions in family firms.

It is observed that while expanding abroad, family firms confront unique socioemotional "trade-off" since they weigh their potential economic gains and losses against potential SEW gains and losses while determining their internationalisation strategies (Kotlar & De Massis, 2013; Alessandri *et al.*, 2018). Consequently, family firms' desire to keep family control and influence in the hands of the family members makes the acquisition a less preferred foreign market entry mode. This is because, acquisition might lead to significant SEW loss due to the changes in the organisational structure and the need to adapt to a new business environment setting (Koropp *et al.*, 2014). Family firms are willing to share their control with their partners abroad only if they consider their contribution critical to internationalisation's success (Loehde *et al.*, 2020).

Although economically, acquisition could be the more rational choice, it is found to be less preferred among family businesses since it requires sharing authority and control with the partner abroad (Pongelli *et al.*, 2016). Acquisition involves reduced liability and risks of newness and foreignness since the investing company gets the already established infrastructure of the local firm. However, the loss of family control and internal conformity costs in acquisition leads to SEW losses, thus making greenfield investment a preferred mode of foreign market entry (Boellis *et al.*, 2016; Yamanoi & Asaba, 2018; Boellis *et al.*, 2016; Pongelli *et al.*, 2016). Greenfield investment allows family firms to freely select managers who will help in maintaining family control in the subsidiary (Yamanoi & Asaba, 2018). While acquisition involves greater benefits if successful, the loss of SEW is more certain due to the dilution of family control and changes in the traditional business model (Alessandri *et al.*, 2018). Family firms usually have a specific objective of preserving SEW besides making

profits (Gómez-Mejia *et al.*, 2010; Gomez-Mejia *et al.*, 2007). Consequently, due to their unique socioemotional trade-offs, family firms consider both economic as well as non-economic goals while undertaking their entry mode decisions. Thus, family firms' foreign market entry mode decisions are viewed as a *mixed gamble*.

Further, the mixed gamble perspective explains why the internationalisation strategies of family firms are different from non-family firms (Alessandri *et al.*, 2018). Our review indicates that the primary focus of non-family firms while determining their internationalisation strategies is on their economic goals i.e. to maximize their current as well as future earnings (Alessandri *et al.*, 2018). While, as discussed above, besides economic gains, family firms prioritise non-economic benefits too while undertaking their entry mode decisions. It is evident, that in comparison to non-family firms, family firms do not prefer holding a joint venture with the foreign partner. Although foreign partners provide international market knowledge and experience, they provide this at the cost of firms' independence and decision-making authority to which family firms consistently give priority (Abdellatif *et al.*, 2010). In family firms, emotional aspects play a greater role in shaping family firm's strategic goals since family and business boundaries are blur (Debellis *et al.*, 2021). As a result, family members often underestimate the importance of accessing external knowledge due to their emotional attachment to the business (König *et al.*, 2013; Kotlar *et al.*, 2019). Consequently, family firms exhibit lower willingness in gaining external knowledge by engaging in strategic alliances with the partners abroad (Debellis *et al.*, 2021).

However, another school of thought presents that in the first stage, family-dominant firms i.e. when the family owners are the largest (dominant) shareholders, choose partial equity entry modes such as JV over WOS. Family firms mostly employ internal financial resources to fund the investment projects (Xu *et al.*, 2020). As a result, family firms face resource constraints which makes them sensitive to the financial risks. Thus, family firms avoid full ownership

entry modes in the first stage of entry decisions since they require greater resource commitment (Xu *et al.*, 2020). Consequently, family firms choose entry modes with lower financial risks due to resource constraints. Partial equity modes allow family firms to enter international markets with lower resource commitment and spread investment risks across international units (Xu *et al.*, 2020). Similarly, in a study on emerging market family businesses, it is observed that in order to preserve family values, family businesses are willing to enter foreign markets via acquisition. Emerging market family businesses lack strategic resources, thus in order to maintain competitiveness and longevity of their business, they choose acquisition instead of establishing a new venture abroad (Rienda *et al.*, 2019). As latecomers, they need to access capabilities and resources not available at home in order to accelerate their internationalisation process (Mathews, 2002). These latecomer disadvantages are overcome by emerging market family businesses by entering foreign markets through acquisition (Rienda *et al.*, 2019). Thus, acquisitions provide new growth opportunities to emerging markets family businesses leading to long-term continuity of the business (Fernández & Nieto, 2005; Liang *et al.*, 2014).

Further, it is observed that the ***presence of non-family directors on the firm's board*** reduces the family firm's bias towards greenfield investments. Non-family members help family firms to be able to better operate in international markets by expanding their strategic horizons (Mariotti *et al.*, 2021; Pongelli *et al.*, 2016). These non-family members make performance goals and business consideration a primary concern and thus promote neutral decision-making in the family business (Pongelli *et al.*, 2016). The presence of non-family owners fosters internationalisation in family firms by providing valuable resources (Dick *et al.*, 2017). Family's capital often does not suffice to support their internationalisation activities, especially the capital-intensive entry modes, hence external members enrich the resource pool of family firms (Fernández & Nieto, 2005; Dick *et al.*, 2017). Non-family owners provide valuable expertise, technology and resources which are significant to the family businesses while

entering the international market through more resource-committed entry modes (Fernández & Nieto, 2005; Dick *et al.*, 2017).

Finally, some studies analysed the impact of ***family generation*** on their foreign market entry mode strategies. These studies argued that across generations, SEW priorities tend to decrease since family influence and identification weaken with time, and financial considerations start building (Gersick *et al.*, 1997). Consequently, the first generation family members exhibit greater risk averse behaviour due to their desire to preserve SEW. They are not much tolerant to the costs and risks associated with cross border acquisitions (Mariotti *et al.*, 2021). Consequently, the first-generation family members exhibit a strong SEW orientation, hence prefer entering international markets via greenfield investment (Mariotti *et al.*, 2021). However, as the firm reaches second generation, the family members' identification with the firm, their emotional attachment and family bonds tend to reduce over time (Mariotti *et al.*, 2021). Once the founder steps down and the family business reaches second generation, there is dilution of ownership among multiple heirs which leads to conflict of interest and thus emotional detachment from the family business (Gomez-Mejía *et al.*, 2007). Hence, social bonds, reciprocal trust, cohesion and unity of ownership diminishes as the firm reaches second generation (Garcia *et al.*, 2019; Reay, 2019). Thus, younger generation family members are more willing to welcome external actors since they possess a greater outward-looking cultural orientation (Cruz & Nordqvist, 2012). Consequently, younger generation family members exhibit a greater preference for cooperative equity modes like joint ventures (Pongelli *et al.*, 2016).

Firm-related Variables. Firm-related variables predominantly include: international experience (13.15%), financial resources (7.89%), international networks (7.89%), institutional ownership (5.26%), and firm's level of research and development (R&D) (5.26%).

It is observed that prior ***international experience*** in the foreign market affects the entry mode choices, however, such effect is different across family firms and non-family firms (Boellis *et al.*, 2016; Kuo *et al.*, 2012). While entering the foreign markets, inexperienced firms exhibit a greater tendency to choose JV over WOS. However, the impact is stronger for family businesses, wherein inexperienced family firms are more likely to choose JV over WOS, in comparison to inexperienced non-family firms (Kuo *et al.*, 2012). This is because firm-specific risks impact family shareholders more severely than any other type of investors due to their limited liquidity (Anderson & Reeb, 2004). However, at the same time, when firms gain international experience, the preference for WOS is stronger in family firms in comparison to experienced non-family firms. This is because, family firms' desire to preserve their SEW as well as family control makes them more willing to choose WOS over JV, in comparison to non-family firms (Kuo *et al.*, 2012).

Further, while entering international markets through joint ventures, ***international network access*** as well as trustworthiness of the local partner is often prioritised by the family firm principals (Loehde *et al.*, 2020). Family firms believe that the key to a successful joint venture is to enter foreign markets with the partner who is familiar with everything that is unknown to them (Loehde *et al.*, 2020). The fear of unknown is counterbalanced by trustworthy partners abroad and allows family firms to share responsibilities with the local JV partner without the fear of losing family control (Fink & Kraus, 2007; Li *et al.*, 2008). Also, there were few studies that examined the role of institutional investors, wherein, it was observed that WOS is a preferable mode of entering foreign markets if institutional investors are the dominant shareholders in family firms. For institutional investors, increased financial returns represent the focal criterion that they are unwilling to compromise, thus making them choose a wholly-owned entry mode (Xu *et al.*, 2020).

Finally, with respect to the ***availability of resources***, Rienda *et al.* (2019) particularly focused on emerging market family businesses and contended that they lack strategic resources, thus in order to maintain competitiveness and longevity of their business they choose acquisition instead of establishing a new venture abroad. Acquisitions provide new growth opportunities to emerging markets family businesses leading to long term continuity of the business (Fernández & Nieto, 2005; Liang *et al.*, 2014). With respect to financial resources, it is observed that family firms' capital structure does not have a significant effect on exports, but it critically affects the higher levels of internationalisation activities in family firms such as FDI. Exporting involves minimal capital needs and business risk; hence, such activities are possible irrespective of the equity base of family businesses (Dick *et al.*, 2017).

Country-related Variables. Finally, country-related independent variables include: cultural distance (10.52%), geographical distance (5.26%), external uncertainty (5.26%), host country governance quality (5.26%) and institutional distance (2.63%).

It is observed that family firms choose international joint ventures as their first entry mode in order to overcome ***cultural unfamiliarity*** in the target market as well as legal restrictions. Cultural challenges in the form of language barriers, etc. are the key reasons for choosing international joint ventures over wholly owned subsidiary. Cultural differences between two nations often lead to distrust, uncertainty, helplessness, and isolation (Loehde *et al.*, 2020). As a result, it triggers the need to have a local partner who can guide the family firms in uncharted waters. Consequently, such cultural challenges motivate family firms to choose international joint ventures over wholly-owned subsidiaries (Loehde *et al.*, 2020). However, family firms prefer entering in joint ventures with the partners who they know well and have significant information about (Boersma *et al.*, 2003). The fear of unknown is counterbalanced by trustworthy partner abroad and allows family firms to share responsibilities with the local JV partner without the fear of losing family control and influence (Fink & Kraus, 2007; Li *et al.*,

2008). Family firms are willing to share their control with the partners abroad if they consider their contribution to be critical in the success of internationalisation. Hence, the loss of control by the family firms is compensated with the trust in their JV partners (Fink & Kraus, 2007; Loehde *et al.*, 2020).

On the other hand, some researchers present a different school of thought wherein they argue that entering into joint ventures with culturally distant foreign partners might not allow family firms to cultivate and preserve their own family values and family identity in the firm. Family firms are characterised by their own family values and norms of behaviour. However, foreign partners in culturally distant countries are characterised by their own set of beliefs, values and behavioural norms which might be significantly different from that of the family members (Del Bosco & Bettinelli, 2020). Hence, they prefer entering foreign markets through full ownership mode rather than joint ventures (Del Bosco & Bettinelli, 2020).

Further, ***high geographic distance*** increases the difficulties associated with coordination and communication (Boeh & Beamish, 2012), leading to higher transportation and communication costs (Ghemawat, 2001). Longer geographical distances and different time zones limit the effectiveness of knowledge transfer (Ambos & Ambos, 2009) and restrict the capability to exert direct control on employees abroad (Hennart, 2010). Since, higher geographic distance leads to high internal monitoring costs and information asymmetries, it seems appropriate to share responsibilities with a local partner by entering into joint ventures (Del Bosco & Bettinelli, 2020).

Similarly, ***weak institutional structures and higher external uncertainty*** makes it difficult to comply with local rules and regulations. In such cases, local partners are needed to tackle institutional flaws and deal with local stakeholders (Chang *et al.*, 2014; Andreu *et al.*, 2020; Kao *et al.*, 2013). This is particularly important for family SMEs since they are characterised

with limited internal competences and resources. Thus, in such a situation it becomes more sense for family SMEs to enter into joint ventures with local partners in order to obtain information and resources unavailable at home (Arregle *et al.*, 2012; Del Bosco & Bettinelli, 2020). However, family firms tend to exhibit a greater tendency of choosing WOS over JV while entering a host country with high governance quality (Chang *et al.*, 2014; Kao *et al.*, 2013). This is because countries with high-quality institutional systems exhibit lower external uncertainty and thus there exist lower institutional voids to be tackled (Del Bosco & Bettinelli, 2020; Chang *et al.*, 2014). Such high equity control in their foreign subsidiaries help family firms in retaining their family control as well as their SEW (Chang *et al.*, 2014; Gómez-Mejia *et al.*, 2010).

4.5.2. Moderating Variables

Regarding moderating variables, our results indicate that 28.94% of the studies consider moderating effects. Most of the moderators are either family-related variables or country-related variables. The studies predominantly argue that family firms' choice of a particular foreign market entry mode is strengthened or weakened by the presence of family members in firms' board or management or executive positions (Kano & Verbeke, 2018). As such, family firms' tendency to enter a culturally distant country through full ownership mode rather than joint venture is strengthened when a family firm is run by a family leader (either family CEO or family board chair). Family firms believe that entering into joint ventures with such culturally distant foreign partners might not allow them to cultivate and preserve their own family values and family identity in the firm (Del Bosco & Bettinelli, 2020). In few studies, it is observed that family firms' preference towards greenfield investment is strengthened when the family firm is run by first-generation family members. When a family business is ruled by the founding generation, SEW orientation becomes more dominant and pervasive. Hence, first-generation family members exhibit greater risk-averse behaviour and they are not much

tolerant of the costs and risks associated with cross-border acquisitions (Mariotti *et al.*, 2021; Pongelli *et al.*, 2016).

In few studies, researchers have also examined country-related moderating variables such as corruption in the host country and OFDI destination. With respect to the corruption in the host country, it is observed that family firms' preference towards greenfield investment is strengthened when entering the host country where the degree of corruption is high (Yamanoi & Asaba, 2018). This is because local managers in corrupt host markets do not hesitate in engaging in corruptive practices which might ruin the reputation of the parent family firm owners (Chen *et al.*, 2010). Since family reputation forms an important component of the SEW, reducing the risk of reputation loss becomes critical (Yamanoi & Asaba, 2018). Further, it is also argued that family businesses are willing to undertake risky internationalisation decisions i.e., acquisitions, when they are entering developed markets rather than emerging markets (Rienda *et al.*, 2019). This is because developed markets are characterised by greater political stability, regulatory quality, and governance effectiveness (Rienda *et al.*, 2019). These well-developed institutional frameworks reduce uncertainty, thus the threshold for accepting the risks in these markets is higher (Kahneman & Lovallo, 1993).

4.6. Methodology

This section assesses the methodological aspects of the research articles studying the mode of entry of family firms into the host country, in terms of the research approach undertaken (quantitative or qualitative) and the analytical methods employed to investigate the relationship between the variables. Table 4.6 and 4.7 present the overview of the findings.

Table 4.6: Research Approach Employed in the Review Articles

Research Approach	**Articles (%)**	**Examples**
Quantitative	50	
Secondary Data	77	Mariotti et al. (2021); Xu et al. (2020); Kao and Kuo (2017)

Survey (Primary)	18	Dick et al. (2017); Pongelli et al. (2019)
Mix (Both Primary and Secondary)	5	Pongelli et al. (2016)
Qualitative	50	
Primary Data (semi-structured interviews)	52.38	Loehde et al. (2020); Shi et al. (2019); Cheong et al. (2015); Kontinen and Ojala (2012)
Secondary Data	47.61	Kano and Verbeke (2018); Audretsch et al. (2018); Debellis et al. (2021)

Table 4.7: Research Methods Employed in the Review Articles

Research Method	Articles (%)	Examples
Regression Analysis	48.83	
Logistic Model	52.38	Del Bosco and Bettinelli (2020); Rienda et al. (2019); Andreu et al. (2020)
Nested Logistic Model	9.52	Xu et al. (2020); Pongelli et al. (2019)
Tobit Model	9.52	Filatotchev et al. (2007)
Two-way Fixed Effects Probit Model	9.52	Boellis et al. (2016); Kao and Kuo (2017)
Two-stage Regression Model	9.52	Xu et al. (2020); Sestu and Majocchi (2020)
Probit Model	4.76	Yamanoi and Asaba (2018); Dick et al. (2017)
Heckman Selection Model	4.76	Xu et al. (2020)
Case Study Analysis	37.20	Loehde et al. (2020); Kontinen and Ojala (2012); Singh (2021); Cheong et al. (2015); Shi et al. (2019); Claver et al. (2007)
Conceptual Studies	11.62	Debellis et al. (2021); Rexhepi et al. (2017)
Fuzzy-set Comparative Analysis	2.32	Kraus et al. (2016)

4.6.1. Research Approach

Our review indicates that the use of the quantitative and qualitative approaches is distributed evenly, with 50% of the studies employing quantitative approach and 50% undertaking the qualitative approach. The variables studied using the quantitative approach include family control factors such as family ownership, family members' involvement in management, family directors, and institutional ownership (*e.g.* Xu et al., 2020; Andreu et al., 2020; Rienda et al., 2019; Yamanoi & Asaba, 2018; Boellis et al., 2016). There are various country-related variables also that are studied through the quantitative approach such as country risk aversion, cultural distance, geographic distance, institutional distance, governance quality, internal uncertainty, and external uncertainty (*e.g.* Del Bosco & Bettinelli, 2020; Kao & Kuo, 2017; Chang et al., 2014; Abdellatif et al., 2010).

Among the articles adopting the quantitative approach, 77% of the studies have used only secondary sources for data collection (e.g. Mariotti *et al.*, 2021; Xu *et al.*, 2020; Kao & Kuo, 2017), while 18% have collected primary data from surveys (e.g. Dick *et al.*, 2017; Pongelli *et al.*, 2019; Kraus *et al.*, 2016) while only 5% have adopted the mix of both secondary as well as primary data collection method (e.g. Pongelli *et al.*, 2016). Also, among the articles adopting quantitative approach, 95% of the studies have explored the overseas investment of large-sized family firms (e.g. Rienda *et al.*, 2019; Boellis *et al.*, 2016) while 5% have examined small and medium-sized enterprises (SMEs) (e.g. Del Bosco & Bettinelli, 2020). Further, 82% of the quantitative studies have examined the family firms' overseas investment in multiple countries (host country) (e.g. Chang *et al.*, 2014; Boellis *et al.*, 2016; Yamanoi & Asaba, 2018) while 18% have explored their investment in one particular country only (e.g. Sestu & Majocchi, 2020; Kao & Kuo, 2017; Kuo *et al.*, 2012). Furthermore, nearly 68% of the quantitative studies have employed longitudinal panel data (e.g. Mariotti *et al.*, 2021; Xu *et al.*, 2020; Filatotchev *et al.*, 2007) while 32% of the studies have used cross-sectional data (e.g. Pinho, 2007; Pongelli *et al.*, 2019; Dick et al., 2017).

Among the studies adopting the qualitative approach, 52.38% of the studies have collected data through primary sources. Primary data is predominantly collected through semi-structured interviews with the top management team (Loehde *et al.*, 2020), family owners, managers and employees (Hipsher, 2008; Shi *et al.*, 2019; Scholes *et al.*, 2016), senior management professionals (Singh, 2021; Graves & Thomas, 2008), family members (Cheong *et al.*, 2015) and managing directors and top-level managers engaged in international affairs (Kontinen & Ojala, 2012; Kontinen & Ojala, 2011). In some of these cases, primary data is also supported with secondary data gathered through company websites, annual reports, brochures, etc. Finally, the remaining 47.61% of the qualitative studies have collected data purely from

secondary sources (Kano & Verbeke, 2018; Audretsch *et al.*, 2018; Debellis *et al.*, 2021; Rexhepi *et al.*, 2017; Swinth & Vinton, 1993).

4.6.2. Analytical Methods

The review indicates that regression analysis is the most commonly used analytical method comprising logistic regression (e.g. Del Bosco & Bettinelli, 2020; Rienda *et al.*, 2019; Andreu *et al.*, 2020), probit regression (e.g. Yamanoi & Asaba, 2018; Dick *et al.*, 2017), nested logistic model (e.g. Xu *et al.*, 2020; Pongelli *et al.*, 2019), Heckman selection model (e.g. Xu *et al.*, 2020) and Tobit regression (e.g. Filatotchev *et al.*, 2007). Some studies have employed two way fixed effects probit model (e.g. Boellis *et al.*, 2016; Kao & Kuo, 2017) to account for industry dummies as well as year dummies, while some other studies adopted two-stage regression analysis (e.g. Xu *et al.*, 2020; Sestu & Majocchi, 2020) in order to account for the endogeneity issues. Also, there is only one study (e.g. Kraus *et al.*, 2016) that had employed fuzzy-set comparative analysis method to determine the optimal configurations of external resources which results in the successful internationalisation of family firms.

The second most frequently used analytical method in the underlying research stream is the case study analysis, given the greater number of studies undertaking the qualitative approach. Various research designs were adopted by the researchers in case-based research studies wherein, Loehde *et al.* (2020) adopted a systematic inductive approach to build grounded theory and combined it with Eisenhardt (1989)'s approach that focussed on employing multiple levels of analysis and multiple types of data collection. Two-stage analysis was used wherein codes were extracted from the interviews in the first level analysis while theoretical relationships were determined in the second-order analysis. Kontinen and Ojala (2012) used a contextualised explanation approach which they claimed is a recent addition to the methodological literature since case studies by nature are rich in context and offer a great deal of contextualised explanation. Notably, all the case-based studies adopted a multiple-case study

approach as suggested by Eisenhardt (1989) and Yin (2003) which allows the researchers to explain the cause-and-effect relationship. The use of replication logic allows researchers to explore the differences and similarities among cases. Finally, the remaining qualitative studies either proposed a conceptual framework or adopted systematic literature reviews which is considered as the present-day method of analysing the existing literature.

4.7. Conclusion

The literature on foreign market entry mode decisions of family firms has evolved over the past three decades. The review indicates that foreign market entry mode strategies of family firms is an upcoming research stream wherein scholars have explored and tested a variety of questions. Yet, the underlying research stream has unexplored areas and largely unreconciled findings which deserve researchers' attention. As discussed, family firms differ from their non-family counterparts due to their peculiar family characteristics. Such characteristics i.e., their desire to preserve SEW, maintain family control, social and emotional ties among the family members alter their decision-making process. Consequently, the researchers shall explore – How *"peculiar family firm characteristics"* shape the internationalisation strategies of family firms specifically with respect to their mode of entry strategies? Further, as mentioned before, India stands at the third position in terms of the number of family-owned businesses. Yet, the review indicates that emerging markets like India has not received greater attention from researchers in understanding the foreign market entry mode strategies of family firms. Further, as observed already, family firms behave differently from non-family firms due to the presence of peculiar family characteristics. Consequently, a cross-level analysis integrating the family-related, firm-related, and international business factors becomes imperative in providing a deeper and holistic understanding of how characteristics at various levels affect the entry mode decisions of family firms. Such integration brings together the complementary perspectives and theories in explaining the foreign market entry mode strategies of family firms. The

integration of international business, family business-centric, and firm level theoretical perspectives has barely been utilised to study the entry mode strategies of family firms conceptually or empirically. Thus, the systematic review provided the basis to integrate the theoretical perspectives (presented in Chapter 5) with the factors explored in Chapter 6 in order to understand the foreign market entry mode strategies of Indian family firms.

CHAPTER 5

THEORETICAL BACKGROUND

5.1. Introduction

As discussed in the introduction chapter, there are peculiar family characteristics which affect the strategic decision-making in family firms, besides economic logic. Family firms differ from their non-family counterparts due to their peculiar family characteristics such as their desire to maintain family control, preserve SEW and maintain emotional and social ties among family members. These characteristics stimulate the presence of "familiness" in family businesses, thus leading to different internationalisation process – both degree of internationalisation and foreign market entry mode strategies. Consequently, the internationalisation process of family firms can be best understood at the intersection of family business related, firm related, business group related and international business (IB) related theoretical and analytical perspectives. The integration of various perspectives is imperative in providing a deeper and holistic understanding of how characteristics at various levels affect the internationalisation of family firms. Thus, the current chapter focuses on the integration of family related, firm related and IB related theories. Such cross-theory integration in the present chapter along with the exploration of factors affecting the internationalisation of family firms presented in Chapter 6 will lead to the development of a holistic conceptual framework in explaining the internationalisation of family firms.

5.2. International Business-Related Theories

5.2.1. Uppsala Model

The Uppsala Model was originally developed by Johanson and Vahlne (1977) to explain the internationalisation process of firms. The model presents that internationalisation is a sequential process wherein firms internationalise incrementally. The model assumes that firms do not possess sufficient knowledge about foreign markets which acts as an obstacle in the internationalisation process. Thus, the firms shall first acquire knowledge by establishing themselves in domestic market and then gradually move to foreign countries in stages by incrementally increasing their commitment and resources. Thus, the firms incrementally increase their resource commitment in the foreign markets as they gain knowledge and experience. The uppsala model presents four stages of entering the foreign market which are – no regular export activities (*stage 1*), exports via independent representatives (*stage 2*), establishment of a foreign sales subsidiaries (*stage 3*), and establishing foreign production manufacturing units (*stage 4*). Thus, the model suggests that the firm shall start entering foreign markets via exports and gradually move towards equity entry modes such as joint ventures and wholly-owned subsidiaries as they gain resources and international experience. Further, the firms shall begin their internationalisation by entering into neighbouring countries and then move towards distant countries. Neighbouring countries usually possess similar characteristics and behaviour, thus it is comparatively easier to enter such markets. As the firms gain knowledge and learning by doing business in neighbouring countries, they gradually move towards distant countries requiring enhanced knowledge and experience.

However, it is argued that such international experience has a varying impact on family and non-family firms, due to family firms' unique desire to preserve their SEW (Kuo et al., 2012). While entering the foreign markets, inexperienced firms exhibit greater tendency to choose JV over WOS. As firms gain international experience with the JV partner, WOS emerges as a preferable mode since the need to give up control to the foreign partners no longer seem worthwhile. However, the impact of choosing JV over WOS by inexperienced firm, and later

choosing WOS over JV with the experienced firm is stronger for family businesses (Kuo et al., 2012). This is because family firms exhibit limited liquidity since their equity holdings are usually more concentrated (Anderson & Reeb, 2004). Consequently, company specific risks impact family shareholders more severely than any other type of investors (Maug, 1998). As a result, any business failure in family firms may imply the loss of all their returns (Kuo et al., 2012). Further, family owners have a tendency to recruit family members instead of talented professional managers in order to preserve their 'familiness' (Barnett, 1960; Bruton *et al.*, 2003). This leads to a lack of professional management capabilities in family businesses. Thus, coupled with limited international experience, family firms tend to rely more heavily on foreign partners for the much-needed resources and management of foreign subsidiaries, than non-family firms (Kuo et al., 2012). As firms gain international experience, WOS becomes a preferable mode since the need to give up control to the foreign partners no longer seem worthwhile. Again, this impact is stronger in family businesses, wherein experienced family firms are more likely to choose WOS over JV as compared to experienced non-family firms (Kuo et al., 2012). Thus, family firms' desire to preserve their SEW as well as family control makes them more willing to choose WOS over JV, in comparison to non-family firms (Kuo et al., 2012).

5.2.2. Eclectic Paradigm

John H. Dunning's Eclectic Paradigm or OLI (Ownership, Location, Internalisation) framework was first propounded in 1979. The companies can follow this three-tiered evaluation framework to determine if it is beneficial for them to pursue foreign direct investment (FDI). In his Eclectic Paradigm, John H. Dunning postulates that a multinational corporation will engage in overseas investment only when it has obtained three types of advantages- Ownership Advantages (O), Location Advantages (L) and Internalisation Advantages (I) (Dunning, 1982).

Ownership Advantages – Ownership advantages are firm-specific advantages that companies can leverage in international markets. A firm acquires ownership advantages once it has developed production techniques, skills and strong brand image which helps the multinational in competing with local firms abroad. The ownership of inimitable, valuable and, unique resources help the firms in creating competitive advantage against the foreign firms. Thus, such ownership advantages give a competitive advantage to the company in the form of reliability and reputation which helps them in competing in the foreign market.

Location Advantages – Location advantages are with respect to the attractiveness of a host country for a company's investment. It is imperative for a company to assess if there is a competitive advantage to perform the business activities in a particular nation. These advantages include the endowment of rich natural resources, tax incentives, skilful labour, etc. which makes the host country an attractive destination for investment by foreign investors. It makes sense for a company to invest in a host country if such location advantages exist in that nation.

Internalisation Advantages – Internalisation advantages are the benefits that a company obtains by conducting the business within the firm rather than relying on market transactions. These are the advantages wherein a multinational firm attains benefits in self-production rather than outsourcing it to the other party. Many a times, it may be more cost effective for a company to keep doing the business in-house but in a different market location. As a result, a firm will prefer to set up its production facilities in a host country but will keep its operations in-house only. In such a situation, it makes more sense for the company to engage in FDI rather than outsourcing. The company should consider taking the outsourcing route only if the third party can meet the firm's needs and quality standards at a lower cost than what it is incurring in in-house production.

The various researchers have proposed that family businesses too follow the suggestions laid down by the eclectic paradigm in determining their internationalisation strategies (Erdener & Shapiro, 2005; Shapiro et al., 2003; Zahra, 2003). Family firms possess various ownership advantages such family name, family reputation, social standing, family image, family bonding, etc. which helps them in developing trust and reputation in the market. Such unique and valuable resources help family firms in internationalising their operations abroad since business partners choose to deal with a family business when it is run by a trustworthy family and has a good reputation in the market (Jiang et al., 2020; Xu et al., 2020). In order to preserve these valuable and rare resources, family businesses prefer to keep their operations in-house only. Consequently, family firms prefer FDI in comparison to outsourcing in order to keep family control and influence in the hands of the family members only. Outsourcing might lead to significant SEW losses due to the sharing of decision-making and family control with the third party. Consequently, in comparison to non-family firms, family firms might exhibit a greater desire to enter foreign markets via FDI rather than dealing with a third party in order to preserve their family control and influence in the business.

5.2.3. Transaction Cost Economics (TCE)

While choosing between JVs and WOSs, international business scholars have applied the transaction cost economics (TCE) perspective (Hennart, 1988). According to TCE theory, firms choose entry modes that help in minimising the transaction cost incurred due to monitoring, negotiating, and enforcing transactions abroad, hence maximising their benefits.

TCE has been found to be a suitable framework for analysing the idiosyncrasies of family firms, and scholars have called for a deeper integration of TCE in family business literature (Memili et al., 2011). TCE argues that when an MNC enters a foreign market, they incur significant administrative costs in the process of management and communication (Hennart,

1988). The administrative costs such as the cost of monitoring and dispute settlement are high in the management of WOS. In a JV, the knowledge of the local partner abroad helps in reducing such administrative costs. However, a JV involves the transaction cost of discovering a proper partner, enforcement, monitoring, adaptation, and the loss from shirking and cheating (Williamson, 1985). In comparison, WOS offers the benefits of full control and allows MNCs to enter the foreign market without worrying about the opportunistic behaviour of partners abroad. Consequently, WOS is considered a preferred mode of entering foreign markets when the contracting costs of enforcing, monitoring, and arranging a collaborative agreement are higher than the administrative costs of managing WOS (Brouthers & Brouthers, 2001; Kim & Huang, 1992).

Further, TCE theory is based upon the premise that transaction costs increase with the increase in the specificity of the assets to be traded (Dyer, 1997), thus causing market transactions to be less efficient and making integration more captivating. Since family control increases the degree of specificity of firms' assets, it is considered an important factor while determining the entry mode strategy in family businesses (Chrisman et al., 2005). According to the transaction cost theory, it is argued that family firms develop and maintain certain firm-specific assets in comparison to non-family firms which are characterised by high transaction costs. The four types of such assets which are difficult to transfer and replicate are: bonding social capital, bridging social capital, reputational assets and tacit knowledge (Gedajlovic & Carney, 2010).

Bonding Social Capital facilitates coordination and cooperation within the family firm which leads to the development of common values and similar attitudes towards business and risk (J. Arregle et al., 2007). These attitudes promote unique managerial capabilities and deep firm-specific knowledge in the family firms (Chrisman et al., 2005). Therefore, as argued by Memili *et al.* (2017), "in family firms, as compared to non-family firms, human asset specificity is expected to be higher owing to the involvement of the family in the business". Consequently,

such social ties help in the smooth transmission of information among family members, thus reducing the transaction cost of monitoring as well as the risk of opportunistic behaviour (Standifird & Marshall, 2000).

Another form of non-tradable asset is the ***Bridging Social Capital*** which helps the family firm in building reciprocal trust and strong relationships with the external stakeholders (D'Angelo *et al.*, 2016). It is observed that generating non-financial benefits such as family harmony, company reputation, satisfaction of family members, social status, and relationships based on trust is crucial for family businesses (Chrisman et al., 2012; Kotlar & De Massis, 2013). Thus, bridging social capital helps family firms in mobilising their social ties and relationships with various stakeholders while internationalising their operations. Such relationships help family firms in developing a valuable ecosystem (Theodoraki *et al.*, 2018), gaining access to foreign markets and obtaining the necessary information (Angdal *et al.*, 2008; Yli-Renko *et al.*, 2002), detecting business opportunities (Chabaud & Ngijol, 2010) and increasing their entrepreneurial orientation (Rodrigo-Alarcon *et al.*, 2017).

Another non-tradable family asset is the ***Reputational Asset*** which is one of the intangible resources that takes the longest to build, has the highest replacement cost, and makes the most important contribution to business success (Hall, 1992). The reputation and identity of a family firm depends upon the unique personal qualities of the founders and the family members (Miller & Le Breton-Miller, 2005). Family managers exhibit greater desire to develop firm's reputation by engaging in corporate social responsibility since the reputation of family firm and family members are tightly linked (Dyer & Whetten, 2006). They are also encouraged to invest in reputational assets in order to assure firm continuity for future generations (Miller *et al.,* 2008). Such reputational assets provide family firms with a "social insurance" which can be "cashed-in" by them during crisis (Dyer & Whetten, 2006).

Finally, family firms possess ***Tacit Knowledge*** which is a noncodifiable knowledge (Nonaka & Takeuchi, 1995). Such knowledge is difficult to be transmitted to other parties (Szulanski, 1996). There exists a shared code of communication and common cultural background which facilitates the transfer of tacit knowledge within the family firm which is difficult to codify (Sestu & Majocchi, 2020). In comparison to non- family firms, family firms share greater tacit knowledge since there exists high level of consensus among family members (Ensley & Pearson, 2005). Due to greater trust and coordination among family members, they are able to transfer and preserve tacit knowledge from one generation to another (Cabrera-Suárez *et al.*, 2001). Consequently, such tacit knowledge is recognised as a valuable asset for family firms while undertaking their business operations.

Thus, TCE theory argues that these family firm-specific assets are considered difficult to be separated from the family firms and even if they are transferred, it is unlikely that they will flourish in the context in which they were developed (Gedajlovic & Carney, 2010). Consequently, JV is the preferential entry mode when both the partners are family firms since the profits generated by the deal compensates both the parties for the family-specific assets been transferred. When both parties are family firms, neither of them is able to separate social capital, family reputation and tacit knowledge from the firm. Since, familiness is an essential non-tradable asset, a JV allows both the parties to preserve family control and family status and, at the same time bundle the complementary assets. On the other hand, family firms prefer WOS as an entry mode strategy when the local firm in the host market is not a family firm (Sestu & Majocchi, 2020). This is because, when transaction costs are high, firms prefer entry modes involving higher level of control (Anderson & Gatignon, 1986). The full acquisition will allow family firms to preserve family control and family characteristics of the business, thus compensating for high transaction costs (Hennart, 2009).

5.3. Firm-Related Theories

5.3.1. Resource-Based View

The resource-based view (RBV) has been long applied in the area of international business and holds that "international diversification seeks to use internal resources and capabilities to exploit market imperfections existing across global regions and countries" (Hitt & Hoskisson, 1997). According to the Resource-based View (RBV), a firm's international involvement to a large extent is determined by the firm's resources and capabilities (Peng, 2001). The availability of a large pool of resources enables the firm to enter foreign markets via high-commitment entry modes. The RBV theory "includes a very simple view about how resources are connected to the strategies a firm pursues" (Barney, 2001). The firm's stock of knowledge and its international experience in different countries affect its degree of internationalisation (Casillas & Moreno-Menéndez, 2014).

In accordance with the RBV theory, it is argued that family firms face unique challenges in internationalisation due to their restricted talent pool and limited resources (Chrisman *et al.*, 2013; Le Breton-Miller *et al.*, 2011). Family firms often lack necessary financial and personnel resources required to implement the internationalisation strategy (Fernández & Nieto, 2005; Graves & Thomas, 2008). They tend to avoid external sources of funds and rely more on internal financing for their internationalisation (Dick *et al*., 2017). They prefer internal sources of finance due to the fear of losing family control and freedom to the external parties (Gallo *et al.*, 2004). However, a family's capital often does not suffice to support their internationalisation activities, especially the capital-intensive entry modes (Fernández & Nieto, 2005; Dick *et al.*, 2017).

Further, since family firms exhibit a greater desire to preserve family control and influence in the business, they do not allow the presence of non-family owners who are more likely to foster

internationalisation in family firms (Dick *et al.*, 2017). Non-family owners provide valuable expertise, technology and resources which are significant to the family businesses while entering the international market through more resource committed entry modes (Fernández & Nieto, 2005; Dick *et al.*, 2017). More importantly, non-family owners bring in their own capital thus sharing risk with the family owners since their capital is also at stake (Di Giuli *et al.*, 2011). With these set of unique challenges faced by family firms, family members' involvement in ownership and management makes them conservative and risk-averse (Claver *et al.*, 2009; Fernández & Nieto, 2005). When family involvement in the business is high, entering international markets through more resource-committed entry modes means risking their own money and losing their family control (Sciascia *et al.*, 2012). As a result, family firms tend to either internationalise slowly or enter foreign markets through less committed entry modes like JV (Graves & Thomas, 2008; Cesinger *et al.*, 2014).

However, RBV also presents another school of thought wherein it is observed that family firms are able to generate inimitable, rare, valuable, and non-substitutable resources that can enhance their internationalisation (Casillas & Acedo, 2005; Dick *et al.*, 2017). It is contended that family firms are able to generate a pool of unique resources and capabilities due to the interactions between the business subsystem as well as the family subsystem (Chua *et al.*, 1999). As argued by RBV, 'familiness' is the outcome of such interactions, which helps in differentiating family firms from non-family firms and thereby, resulting in a competitive advantage in family firms (Habbershon *et al.*, 2003). Such familiness enables the family firms to create unique organisational cultures which are difficult for the rivals to imitate (Dierickx & Cool, 1989). This is because, family firms' organisational culture is embedded in family dynamics and history (Gersick *et al.*, 1997). Organisational culture is a strategic resource that promotes innovation, risk-taking, and learning (De Long & Fahey, 2000), thus creating a sustainable competitive advantage (Barney, 1986). Family firms' organisational culture is tightly connected

through family values and artifacts. There are several characteristics that are peculiar to family businesses which make their organisational structure a strategic resource (Zahra *et al.*, 2004). In family firms, often the problem of goal alignment between the principal and the agent is mitigated since family members are owners as well as managers in the firm. Thus, their governance structures represent the overlap between ownership and management which creates shared objectives (Sirmon & Hitt, 2003). Consequently, it increases trust in the organisation and reduces the need for monitoring and controlling the behaviour of the agents. As a result, it leads to quick decision-making in family firms (Segaro, 2012) and the ability to react quickly to the new international opportunities (Kontinen & Ojala, 2011) in comparison to non-family firms. Thus, such peculiar family characteristics provide a competitive advantage to family firms in the international markets. Consequently, these strategic resources enable family firms to enter foreign markets through high resource committed entry modes like WOS.

5.3.2. Agency Theory

Jensen and Meckling (1976) proposed Agency Theory which is widely studied theory in the field of corporate governance, management, and economics. The theory focuses on the relationship between principals (i.e., owners or shareholders) and agents (i.e., company executives or managers). The theory attempts to explain and resolve the inherent conflicts that arise in the principal-agent relationship due to differing priorities, goals and risk preferences between principals and agents. Since these principals i.e., shareholders are not involved in day-to-day management of the company, they appoint agents i.e., directors and managers to execute business transactions. The theory posits that there is a challenge of information asymmetry wherein the agents are in the possession of more information than the principals. Consequently, such information asymmetry leads to moral hazard and adverse selection problems. The problem of adverse selection occurs when agents select suboptimal projects or contracts on the basis of the excess information that they possess. The problem of moral hazard occurs due to

the difficulty in verifying and monitoring the behaviour of agents. Consequently, they undertake actions and decisions that benefit them at the expense of the principals. Thus, these agents do not always act in the best interests of their principals which leads to principal-agent conflicts between the two parties. The principal has invested resources in the organisation and thus the risk of wrong decision-making by the agents will be borne by the principals. The agents might have the goal of short-term profitability for which they expand the business into high-risk markets. This is against the interest of the shareholders who have the goal of long-term growth of earnings. Thus, principals usually control the agent's behaviour through monetary incentives wherein the agent's compensation is linked to the attainment of the principal's goals.

Over the years, various researchers have extended the concept of agency theory in the context of family firms. In family firms, there is the overlap of ownership and management wherein family members act as both principals (owners) and agents (managers). Thus, it is argued that family firms are characterised with low agency costs due to the alignment of interest between principals and agents (Fama & Jensen, 1983). Since family firms have lower agency cost, they are able to better monitor and curb the opportunistic behaviour of the agents. Consequently, they have ample resources to pursue entrepreneurial ventures and long-term goals of the firm (Anderson & Reeb, 2003). However, another school of thought presents that majority family owners might exploit minority shareholders by exercising their power and knowledge to divert the resources for fulfilling family goals (Shleifer & Vishny, 1997). For instance, these major family owners might appropriate the funds of the business for their offspring which will act as the cost to these minority shareholders (Bertrand & Schoar, 2006)). Agency theory posits that at the expense of the minority shareholders, family firms fulfill their family-centric goals wherein they exhibit a greater desire to preserve their SEW (Fama & Jensen, 1983). When a large amount of family wealth is being tied up in the business, family owners exhibit a greater risk-averse behaviour and thus avoid undertaking any risky yet profitable business opportunity

(Fernandez & Nieto, 2006). Since internationalisation is considered as risky activity, family firms believe that the risk to SEW from internationalisation is not worth the reward. While internationalisation may lead to SEW gains if successful, the loss of SEW is more certain due to dilution of family control and changes in the traditional business model (Alessandri et al., 2018). Thus, family principals are set as the primary reference point while undertaking any decision in family firms who exhibit a greater desire to preserve family's accumulated endowments (Fama & Jensen, 1983). Thus, family owners might forgo profitable business opportunities if they bring threat to family endowments. This is against the interest of the minority shareholders who have the goal of maximising earnings by capitalising on the profitable business opportunities. Thus, agency theory attempts to explain the role of family control in strategic decision-making in family firms.

5.3.3. Stewardship Theory

Stewardship theory was proposed by Donaldson and Davis (1989) that individuals in leadership positions are good stewards of the company who act responsibly in serving the interest of the organisation. The theory explains that individuals are intrinsically motivated to contribute towards the well-being and common goals of the organisation. Stewards are motivated by intrinsic rewards such as job satisfaction, reputational enhancement, level of responsibility, trust, and reciprocity. Thus, rather than serving self-interest and opportunistic behaviour, leaders in the organisation serves the organisational good and its mission.

Since family business owners exhibit deep emotional investment in the family, stewardship theory seems appropriate in explaining the governance in the family business (Bubolz, 2001). Family business owners' reputation and personal satisfaction (Ward, 2004) are linked to the family enterprise. Consequently, managers act as the good stewards in serving the goals of the organisation rather than their personal interest. In family businesses, good stewards receive intrinsic satisfaction when the business succeeds, thus they are motivated to serve

organisational interests (Corbetta & Salvato, 2004). A good steward in a family business desires to pass strong and healthier business to future generations. Thus, family managers are aware that family goals would be automatically fulfilled by serving the goals of the organisation (Eddleston & Kellermanns, 2007). As a result, family businesses have lower costs associated with agency problems which helps in saving the resources that would have been spent on control and monitoring the opportunistic behaviour of the agents. Thus, family businesses have more resources to invest in the growth and development of the organisation (Chrisman et al., 2004; Corbetta & Salvato, 2004). Consequently, the stewardship theory argues that family-members are focused upon the success and well-being of the family enterprise which results in higher performance of the organisation. Clearly, family business constitutes a good fit in explaining the governance in the family business.

5.3.4. Institutional Theory

According to institutional theory, certain institutional factors in a country influence the entry mode choice between acquisition and greenfield investment. The firm's behaviour is shaped by the social, political, and economic systems surrounding it. Institutions are described as "rules of the game in a society" consisting of informal constraints and formal rules (North, 1990). In family business literature, it is argued that when there is a greater institutional distance between the home and host country, family firms prefer to enter international markets through a joint venture with a local partner which makes it less challenging to comply with host country regulation and standards (Andreu et al., 2020). When high external uncertainty exists due to weak institutional systems, it becomes worthwhile to undertake less resource-committed entry modes such as joint ventures (Del Bosco & Bettinelli, 2020). Such challenges in the form of institutional distance and a weak institutional system pose greater challenges for family firms since family firms are characterised by limited human and financial resources.

Family firms exhibit limited liquidity since their equity holdings are usually more concentrated in the hands of the family members (Anderson & Reeb, 2004). Also, family firms usually have a specific objective of preserving SEW besides making profits (Gomez-Mejía et al., 2007; Gómez-Mejia et al., 2010). Consequently, family owners attempt to recruit family members only instead of more talented professional managers in order to preserve their 'familiness' (Barnett, 1960). This leads to lack of professional management capabilities in family businesses. Thus, family firms rely more heavily on foreign partners for the much-needed resources and management of foreign subsidiaries, than non-family firms (Kuo et al., 2012). However, when host countries are characterised by higher quality institutional systems, the family exhibits a greater desire to enter through full ownership mode rather than joint ventures. This is because countries with high-quality institutional systems exhibit lower external uncertainty and thus there exist no institutional voids to be tackled (Del Bosco & Bettinelli, 2020). Thus, WOS becomes a preferable mode since the need to give up family control to foreign partners no longer seems worthwhile (Del Bosco & Bettinelli, 2020).

5.4. Family-Related Theories

5.4.1. Socioemotional Wealth (SEW) Perspective

SEW perspective is defined as "a concept of great reach and explanatory power which is reflected in its application to multiple phenomena" (Prügl, 2019), not sparing the internationalisation of family firms (Gomez-Mejia et al., 2011; Pukall & Calabro, 2014). SEW was first conceptualised by Gómez-Mejía et al. (2007) who defined it as "non-financial aspects of the firm that meet the family's affective needs, such as identity, the ability to exercise family influence, and the perpetuation of the family dynasty." In family businesses, SEW gains and losses are the significant reference point that influences all the decision-making in the firm (Berrone et al., 2012; Gomez-Mejía et al., 2007). Drawing on SEW perspective, it is contended

that preserving and enhancing SEW is the utmost priority of the family businesses while determining their strategies (Gomez-Mejía et al., 2007). The term SEW presents the notion that since families seek to preserve SEW; the family members' social capital, altruism and emotions affect the decision-making process in the family firms (Gomez-Mejía et al., 2007). While undertaking strategic decisions, family firms confront unique socioemotional "trade-offs" by weighing their potential economic gains and losses against potential SEW gains and losses (Chrisman et al., 2012; Kotlar & De Massis, 2013). SEW holds such supremacy in family firms that they are, in fact, willing to make decisions that are not driven by economic logic if at any point it threatens their socioemotional endowment (Berrone et al., 2012).

Family members' emotions, altruism and social capital affect the firms' decision-making, primarily because families seek to preserve SEW within the business (Gomez-Mejía et al., 2007). Various decisions in a family business such as business venturing, firm strategies, stakeholder relationships, management processes and corporate governance are affected by SEW (Gomez-Mejia et al., 2011). Thus, it is argued that SEW is set as the primary reference point while undertaking any strategic decision in a family firm (Berrone et al., 2012; Gomez-Mejia et al., 2011).

Internationalisation is perceived as a potential threat to SEW since it entails substantial changes in the form of increased risk, uncertainty and threats to family control (Arregle et al., 2017; Gomez-Mejia et al., 2010). The "dark side" of SEW (Kellermanns et al., 2012) often promotes self-serving behaviour in family firms wherein they put greater emphasis on family objectives and tend to fill employment positions based on family ties rather than competence (Kets de Vries, 1993). Expanding internationally necessitates the need for raising additional external funding and employing managers outside their family networks, which poses a threat to SEW as it may result in the loss of family control (Jones et al., 2008). This makes family firms believe that the risk to SEW from internationalisation is not worth the reward. While

internationalisation may lead to SEW gains if successful, the loss of SEW is more certain due to dilution of family control and changes in the traditional business model (Alessandri et al., 2018). Consequently, they refrain from taking risky decisions like internationalisation due to the dread of losing years of accumulated SEW (Gómez-Mejia et al., 2010; Liang et al., 2014; Tsao et al., 2018).

5.4.2. Social Capital Theory

Social Capital is defined as "the sum of the actual and potential resources embedded within, available through, and derived from the network of relationships possessed by an individual or social unit." Social capital is different from other types of capital such as, human, physical, or financial capital since it is embedded in relationships between actors in a social network. Social Capital Theory explains that family firms possess a greater degree of social capital, wherein, family members share a high degree of trust and strong bonds among them (Jimenez et al., 2019). In family firms, there are two types of social capital, *Bonding Social Capital* which facilitates coordination and cooperation within the family firm, ultimately leading to the development of common values and similar attitudes towards business and risk (Arregle et al., 2007). These attitudes promote unique managerial capabilities and deep firm-specific knowledge in the family firms (Chrisman et al., 2005). Consequently, such social ties bring family members together and help in the smooth transmission of information among family members (Standifird & Marshall, 2000). Another type of social capital is the *Bridging Social Capital* which helps the family firm in building reciprocal trust and strong relationships with the external stakeholders (D'Angelo *et al.*, 2016). It is observed that generating non-financial benefits such as family harmony, company reputation, satisfaction of family members, social status, and relationships based on trust is crucial for family businesses (Chrisman et al., 2012; Kotlar & De Massis, 2013). Thus, bridging social capital helps family firms in mobilising their social ties and relationships with various stakeholders while internationalising their operations.

Such relationships help family firms in developing a valuable ecosystem (Theodoraki et al., 2018), gaining access to foreign markets and obtaining the necessary information (Yli-Renko et al., 2002), detecting business opportunities (Chabaud & Ngijol, 2010) and increasing their entrepreneurial orientation (Ruiz-Ortega et al., 2020).

Such bonding and bridging social capital can play a crucial role in enhancing the internationalisation of family firms. Such long-standing trust among the family members leads to better cooperation, coordination and collaboration, ultimately enhancing the competitive advantage of the family firm in the international markets. Further, it leads to mutual interest and enhanced communication in the family firms. As a result, family members are better able to share the accumulated knowledge and experience throughout the firm, which in turn may stimulate their degree of internationalisation (Jimenez et al., 2019). The bridging social capital helps family firms in developing networks with the partners abroad which helps in entering foreign markets by reducing the liability and risks of foreignness and newness. Further, such networks help in developing family reputation and social standing in the market which helps family firms in internationalising their operations. This is because business partners choose to deal with a family business when it is run by a trustworthy family and has a good reputation in the market (Jiang et al., 2020; Xu et al., 2020). Thus, social capital endowments help family firms in strengthening their relationships and networks within and outside the family business which in turn enhances their degree of internationalisation.

5.4.3. Kinship Theory

Kinship Theory argues that within a family business, there exist various kinship ties such as the relationship between parents, cousins, grandparents, children, spouses, etc. (Tapis, 2011). The degree of closeness of kinship ties among family members holding leadership and executive positions affects the strategic decision-making in family firms. It is observed that

family firms exhibiting closer kinship ties put greater emphasis on preserving SEW. Thus, family firms with such close kinship ties exhibit a greater desire to recruit their own relatives than non-relatives in the family business (Foster *et al.*, 2006). Close kinship bonds are associated with greater trustworthiness and a source of security and belongingness among family members (Vollan, 2011). Consequently, in order to preserve their SEW and kinship ties, family firms ensure that the topmost positions in their organisation are occupied by the family members even if they are not capable of handling the responsibilities and duties of such positions (Claver et al., 2009). Since family members are highly concerned with preserving their family wealth, they will not consider any risky decision involving a threat to their family name (Jimenez et al., 2019), such as internationalisation. They believe that such risky activities can bring potential threats to the family's welfare and status quo (Schulze et al., 2001). Thus, they exhibit an unwillingness in undertaking risky activities like internationalisation in order to ensure the longevity of the family "name" and preserve SEW for future generations (Anderson & Reeb, 2003).

Further, such kinship ties in the family firm will determine the extent to which the family-specific assets (discussed above) can be utilised effectively in entering foreign markets. For instance, strong kinship ties in a family firm will place greater emphasis on preserving family values, SEW, and social capital. Consequently, family firms' desire to keep family control and influence in the hands of the family members only in order to preserve its wealth and values. Thus, family firms will exhibit a greater desire on entering foreign markets through WOS in order to preserve these family-specific assets. This is because, acquisition might lead to significant SEW loss due to the changes in the organisational structure and the need to adapt to a new business environment setting (Koropp *et al.*, 2014). Thus, these kinship ties determine the strategic decision-making in family firms such as the family firms' degree of internationalisation as well as their foreign market entry mode decisions.

5.5. Interplay between Theories

As discussed, family firms differ from their non-family counterparts due to their peculiar family characteristics such as their desire to maintain family control, preserve SEW and maintain emotional and social ties among family members. These characteristics stimulate the presence of "familiness" in family businesses, thus leading to different internationalisation process as compared to non-family firms. Consequently, the internationalisation strategies of family firms can be best understood at the intersection of family business-centric, international business and, firm level theoretical perspectives. Thus, these theories may be mingled to complement each other in determining the internationalisation strategies of family firms.

For instance, the role of family-specific assets such as SEW, social capital, reputational assets, family values, etc., in determining the internationalisation decisions is captured by *Social Capital theory* and *Kinship Theory*. These theories are often used in family business literature since they are able to explain the role of family dynamics in family firms' decision-making process. Social Capital Theory explains that family firms possess a greater degree of social capital, wherein, family members share a high degree of trust and strong bonds among them. This leads to mutual trust and enhanced communication in the family firms. As a result, family members are better able to share the accumulated knowledge and experience throughout the firm (Jimenez *et al.*, 2019), which allows them to enter foreign markets through high-resource committed entry modes like WOS. Further, *Kinship Theory* argues that within a family business, there exist various kinship ties such as the relationship between parents, cousins, grandparents, children, spouses, etc. (Tapis, 2011). The degree of closeness of kinship ties among family members holding leadership and executive positions affects the strategic decision-making in family firms. It is observed that family firms exhibiting closer kinship ties put greater emphasis on preserving SEW. Thus, family firms with such close kinship ties exhibit a greater desire to recruit their own relatives than non-relatives in the family business

(Foster *et al.*, 2006). Close kinship bonds are associated with greater trustworthiness and a source of security and belongingness among family members (Vollan, 2011). The researchers believe that such kinship ties in the family firm will determine the extent to which the family-specific assets (discussed above) can be utilised effectively in entering foreign markets. For instance, strong kinship ties in a family firm will place greater emphasis on preserving family values, SEW, and social capital. Consequently, family firms will exhibit a greater desire on entering foreign markets through WOS in order to preserve these family-specific assets.

Further, TCE explains that these family-specific assets are considered difficult to be separated from family firms, thus they are characterised by high transaction costs while entering foreign markets (Gedajlovic & Carney, 2010). Consequently, TCE helps in examining the transaction costs incurred in transferring these family-specific assets while entering foreign markets. When such transaction costs are high, family firms will prefer to enter foreign markets via WOS since it involves a higher level of control (Anderson & Gatignon, 1986). Thus, such high transaction costs will be compensated by greater family control and influence. Finally, Institutional Theory argues that family firms' entry mode strategies are determined by the social, political, and economic institutions of the host country. It is likely that these family-specific assets might flourish in certain institutional setups while they may not be able to flourish in some other institutional systems. Consequently, it will affect the entry mode strategies of family firms. Family firms might want to enter foreign markets via a JV when the host country's institutional setup does not allow family-specific assets to flourish and develop in the host country. While they may prefer WOS as an entry mode strategy when family firms are able to develop and grow their family-specific assets in the host country.

Thus, in sum, the integration of theories from various disciplines will help in developing a comprehensive framework explaining the internationalisation of family firms. These theories will complement each other in determining the role of family-specific assets in

internationalisation strategies of family firms. The mending of these theories will help in capturing the role of peculiar family characteristics in the internationalisation decisions of family firms. Thus, the integration of these theoretical perspectives forms the basis of the next chapter which focuses on developing a holistic framework explaining the internationalisation of family firms.

CHAPTER 6

FACTORS AFFECTING THE INTERNATIONALISATION OF INDIAN FAMILY FIRMS – AN EXPLORATORY ANALYSIS

6.1. Introduction

As discussed in the previous chapters, the integration of the world economy has spurred firms of all ownership types and sizes to expand their operations internationally (Zahra & George, 2002). Over the last few decades, a large number of industries and firms have broadened their global outlook, consequently, it is reasonable to believe that family businesses too perceive internationalisation as an important and indispensable avenue for their growth and expansion (Claver et al., 2009). However, the researchers believe that family small and medium-sized enterprises (SMEs) *(hereafter family SMEs)* and large family firms follow different internationalisation process. This is because, family SMEs are characterised by limited managerial capabilities, financial resources, and international experience (Clarysse et al., 2007). Thus, challenges concerning the limited availability of competent resources and the degree of risk-averseness are aggravated in family SMEs, leading to lower internationalisation (Chen et al., 2014; Graves & Thomas, 2008).

Despite the structural differences between family SMEs and large family firms, there is dearth of literature differentiating the factors affecting the internationalisation of family SMEs vs large family firms. The majority of the empirical studies have merely taken the sample of family SMEs without sufficiently differentiating between big and small family firms. Thus, it becomes imperative to undertake an in-depth exploratory analysis to unearth the factors affecting the internationalisation of family SMEs as well as large family firms. Consequently, the present chapter focuses on the exploration of the factors affecting the internationalisation of family

SMEs as well as large family firms. For this purpose, the study conducts in-depth interviews of directors and managers of Indian family SMEs as well as large family firms. Based upon the analysis, the chapter presents linkages and connections between these factors and proposes a holistic framework explaining the internationalisation of family firms. This shall be done in the light of theoretical perspectives discussed in chapter 5.

6.2. Research Methodology

6.2.1. Research Approach

The study employs qualitative approach in exploring the factors affecting the internationalisation of Indian family firms. A qualitative approach aids in going beyond the measurement of the observable behaviour (i.e. the 'what'). It helps in exploring the meaning and beliefs underlying a particular phenomenon (i.e. the 'why' and 'how') (Marschan-Piekkari & Welch, 2004). It is a powerful method when the phenomenon under study is complex and has not been well examined in the past (Corbin et al., 2014). The study employs a qualitative multi-case study research design. Since multiple case study research design is unique in dealing with a broad range of evidence such as interviews, observations, documents and artefacts; it is considered a comprehensive logical research approach (Eisenhardt, 1989; Yin, 1981). Multi-case study research approach is appropriate to answer the 'how' and 'why' part of the research question (Yin, 2009). This approach has also been increasingly adopted in the field of international business and entrepreneurship (Wright & Dana, 2003). Since the study aims to answer 'what factors', 'why these factors' and 'how these factors impact the internationalisation decisions of family SMEs, a multi-case study research approach is appropriate for answering such questions.

Moreover, in order to get a detailed and complete understanding of the under-researched phenomenon of internationalisation of Indian family firms, in-depth interviews were

conducted. In-depth interview method helps in getting insights about the complex ways in which people think and feel about a particular phenomenon (Moran, 2009). In-depth interviews allow probing for additional information when the key insights about a particular phenomenon are uncovered (Zikmund et al., 2013). As prescribed by Coviello and Jones (2004), the present study focused on interviewing the directors and managers of the case firms who are believed to possess the in-depth knowledge and understanding of the challenges faced by their organisations in expanding abroad. Thus, owing to the fact that the underlying area is a complex phenomenon and is less researched, the researchers believe that the in-depth interview is the most appropriate method to unearth the beliefs and mind-set of the respondents that shall provide better and deeper insights into the complex phenomenon under study.

6.2.2. Sample and Data Collection

Consistent with the phenomenological approach, the study employed purposive sampling to select the respondents (Mukherjee et al., 2020; Teddlie & Yu, 2007). The case firms were selected on the basis of the following criteria: (i) in order to differentiate between large and small firms, the study followed the definition of SMEs given by Ministry of MSMEs, Government of India, which states that the small enterprises are "manufacturing enterprises and, enterprises rendering services, where investment in plant and machinery or equipment is not more than 10 crore Indian Rupees and annual turnover is not more than 50 crore Rupees" and medium enterprises are "manufacturing enterprises and enterprises rendering services where investment in plant and machinery or equipment is not more than 50 crore Rupees and annual turnover is not more than 250 crore Rupees" (ii) majority ownership (more than 51 percent) of the company must be in hands of the family members, (iii) at least two members of the family must be involved in firm's management or board and, (iv) at least second generation family member must be currently involved in running the business (Jain et al., 2023). As such, in selection of the case firms, there is no consensus among the researchers with respect to the

number of cases to be studied (Patton, 1990). Thus, in order to decide the number of cases to be studied, directions were ascertained from various noted researchers on qualitative research. Eisenhardt (1989) suggests that for any qualitative research, the number of cases between four to ten is enough to generate a theory and its empirical grounding is likely to be convincing. Further, Miles and Huberman (1994) suggest that the number of case studies shall not exceed 12, since, beyond this it is difficult to effectively assimilate the quantity of qualitative data. Based upon the above discussion, 72 Indian family firms were approached wherein, the response was received from 12 Indian family firms – 6 Indian family SMEs and 6 large family firms.

With respect to family SMEs, it is observed that in all the case firms *(see Table 6.1)*, the family ownership is 100 percent. In case firms A and B, 5 members of the family were involved in the business, in firm C 4 members were involved and 3 family members were involved in firms D, E and F. Further, in the case firms A, B, C and D, third generation family members are currently ruling the business, while in firms E and F, second generation family members are involved in the business.

Table 6.1: Characteristics of Case Firms – Family SMEs

S.No.	Name of the Company	Designation of the Interviewee	Turnover	Family Ownership	Family Members' Involved	Generation
1	Case Firm A	Director	₹ 1000 million	100 Percent	5	3rd Generation
2	Case Firm B	Director	₹ 750 million	100 Percent	5	3rd Generation
5	Case Firm C	Assistant Manager	₹ 500 million	100 Percent	4	3rd Generation
4	Case Firm D	Director	₹ 1500 million	100 Percent	3	3rd Generation
5	Case Firm E	Merchandize Head	₹ 750 million	100 Percent	3	2nd Generation
6	Case Firm F	Founder & CEO	₹ 500 million	100 Percent	3	2nd Generation

With respect to large family firms, it is observed that in all the case firms, family ownership is at least 51 percent *(see Table 6.2)*. In case firm G, family ownership is 52.43 percent, H has 60.33 percent, I has 51.33 percent, J has 74.86 percent, K has 58.42 percent and L has 58.07 percent. In case firms G, H and L, 2 members of the family are involved in the business, 3

members of the family are involved in case firms J and K and 4 members of the family are involved in firm I. Further, in firm G, I, J and L, third generation family members are currently ruling the business, second generation is ruling in firm H and fourth generation is ruling in firm K.

Table 6.2: Characteristics of Case Firms – Large Family Firms

S.No.	**Name of the Company**	**Designation of the Interviewee**	**Turnover (In Billion)**	**Family Ownership**	**Family Members' Involved**	**Generation**
1	Case Firm G	Product Manager	₹ 10.517	52.43 Percent	2	3rd Generation
2	Case Firm H	Assistant Manager	₹ 473.070	60.33 Percent	2	2nd Generation
5	Case Firm I	Associate Director	₹ 62.817	51.33 Percent	4	3rd Generation
4	Case Firm J	Senior Manager Group Treasury	₹ 558.778	74.86 Percent	3	3rd Generation
5	Case Firm K	Senior Manager	₹ 21	58.42 Percent	3	4th Generation
6	Case Firm L	Associate Director	₹ 90.815	58.07 Percent	2	3rd Generation

The criteria for selecting the case firms are different from past research studies wherein some researchers define family firms on the basis of family ownership only (Basly, 2007; Boellis et al., 2016), some on the basis of both ownership as well as involvement in management (D'Angelo et al., 2016; Ray et al., 2018; Shi et al., 2019), while some others on the basis of the family generation involved in the business (Zahra, 2003). However, prior research studies do not employ the multiple criteria discussed above in defining the family businesses. The present study employs multiple criteria to ensure that the family is actively involved in managing the businesses for a longer period of time and the family dynamics would have played a role in decision-making of the firm. Further, the respondents within these case firms were selected based on their experience with respect to the phenomenon under study (Groenewald, 2004). Consequently, the respondents were either directors or assistant managers and were involved in day-to-day management of the company. Due to their active involvement in the family business, the respondents were able to well explain the impact of various factors on the internationalisation decisions of the firm to which they are associated.

6.2.3. Setting and Procedure

The interviews were conducted over a period of 5 weeks during May and June 2021. The interviews were conducted on weekends in order to ensure the availability and suitability of the participants. The interviewer gave a brief description about the purpose of the study at the beginning of each interview. Further, the participants were assured that the interviews will be used only for research purposes and their anonymity and confidentiality will be maintained. In order to promote open discussion, the participants were informed that there are no right or wrong answers. All the interviews were audio-recorded after seeking permission from the participants.

The interview questions were open-ended and semi-structured, giving an unobstructed way for various themes to emanate. This interview method enabled participants to express freely the dynamics of their businesses and also allowed the interviewer to seek clarification by asking follow-up and probing questions. All the interviews were conducted in English language. On an average, the duration of each interview was 1 hour to 1 hour 30 minutes.

The interview started by asking grand tour questions, such as – "Is your company a family firm? Why? Is your organisation involved in international operations? Were you involved in any internationalisation decision of your company? Are the members of the family involved in the organisation's decision making?" These grand tour questions helped in involving the participant into the phenomenon and to lead the way to unearth the nuances of the complex phenomenon intended to be studied through interview. Once it was observed that family members are involved in all the decision making of the firm, the researchers delved deeper with more specific questions like – "Do you think Indian culture affects the internationalisation of Indian family firms? Do you think the Indian caste system affects the internationalisation of Indian family firms? Do you think family values affect the internationalisation of Indian family firms? Do you think social factors affect the internationalisation of Indian family firms? Do

you think organisational factors affect the internationalisation of Indian family firms?" and so on.

The interviews were audio-recorded and transcribed in English language. At the initial stage, the interviews were transcribed with the help of otter.ai software. Subsequently, each transcript was manually verified by two researchers independently. Each transcript was verified word-by-word by the researchers and corrections were made, wherever needed. As mentioned, all the interviews were transcribed by two researchers independently in order to ensure that the transcripts were free from researchers' bias and they adhered to the exact wording of the interviews.

6.2.4. Analysis Method

Content analysis method was undertaken to identify the factors which affect the internationalisation of Indian family firms. Accordingly, following the guidelines suggested in the extant literature (Braun & Clarke, 2006), two researchers independently carried out the open and axial coding on the transcripts.

As argued by Saldana (2013), "rarely will anyone get coding right the first time." Hence, the coding was done in two stages. Qualitative data demands deep reflection and meticulous attention to the language; thus, recoding can lead to more attuned results (Saldana, 2013). At the initial stage, the two researchers independently undertook open and axial coding and the results were then discussed. There were certain areas which demanded researchers' attention such as – phrases like "emotions between the family members", "staying together", "familiness between the members" can be coded as "family bond". Similarly, "social recognition", "social standing", "social status", "family image" can be coded as "family reputation". All such similar issues were discussed and modifications were made in the coding procedure accordingly.

Consequently, at the second stage, the coding procedure was again undertaken by the two researchers and 32 open codes were obtained from the interview transcripts.

After obtaining the open codes, the axial coding mechanism was undertaken independently by the two researchers to group the similar and related codes together depending upon the emerging patterns as well as the consistency in the responses. Axial coding mechanism helps to “relate open codes to sub-categories, sub-categories to categories and categories to themes. Again, the axial coding was done in two stages. After the first stage of the axial coding, results were discussed between the researchers. There were certain areas which demanded consensus between the researchers. These areas were discussed and agreed upon by them, such as – “family ethics”, “family bond”, “family reputation”, “helping workers" can be grouped together and categorised under “family values”. Similarly, “orthodox mindset”, rigid mindset”, “respect for elders” can be grouped together and categorised under “Indian culture”. All such issues were discussed after the first stage of axial coding in order to reach consensus between the researchers. Finally, at the second stage, the researchers again undertook the axial coding and worked together to prepare a final thematic map presented in section 4.4.

6.2.5. Reliability

As mentioned above, the two researchers independently carried out the open and axial coding procedure. In order to ensure reliability in the coding procedure, it is imperative to check the inter-coder reliability between the researchers. Inter-coder reliability helps in assessing the extent to which the independent researchers make the same coding decisions (Lombard et al., 2002). To check inter-coder reliability, the study employed Cohen’s kappa test. The Cohen’s kappa measure is a widely used measure of inter-coder reliability and is used to check coding consistency between the coders (Kim et al., 2016). The Cohen’s Kappa value in the study was 0.89. The value of Cohen’s Kappa between 0.81- 0.99 indicates near perfect agreement

(McHugh, 2012). Thus, the Cohen's Kappa value of 0.89 indicates acceptable reliability in the coding procedure among the two researchers.

6.3. Findings and Discussion

The analysis yielded four major themes encompassing various factors. These include – *peculiar family characteristics* (family values, family bond, family reputation, family generation, family control); *societal factors* (culture and caste); *business group-related factors* (business group affiliation and age of the family business group) and *organisational factors* (financial resources, quality of human resources, international experience, board education and board experience). The detailed discussion of these themes and factors in case of the internationalisation of both small and large family firms is done in the following sections. Also, a conceptual framework is presented which shows the linkages and connections between these themes and factors.

6.3.1. Peculiar Family Characteristics

Peculiar family characteristics include those aspects which are peculiar to family firms, such as – family values, trust, reputation, family control, etc (Thukral & Jain, 2021). The researchers have categorised this theme into three parts – ***Social Factors*** - these include factors such as family values, family bond, family reputation, interpersonal trust and relationship between family members; ***Family Generation*** - this emphasises upon the role of generation which is ruling the family business; ***Family Control*** - this includes family control and influence in the business by way of family ownership as well as family members' involvement in the firm.

The content analysis revealed that these factors behave differently in family SMEs in comparison to large family firms. Consequently, the extent to which these factors play a role in the internationalisation decisions of family SMEs vs large family firms also differ. It was observed that social factors such as family bonds, emotions, relationships, etc. play a greater

role in family SMEs. This is because, family SMEs are characterised with greater involvement of family members in firms' decision-making process, hence these factors hold greater predominance in family SMEs. Similarly, family SMEs exhibit a greater degree of family control since family members hold majority family ownership in the business and are actively involved in managing the firm's operations. While in large family firms, beyond a particular juncture, it become difficult for family members to manage the operations of the firm. Hence, they have to employ non-family members from outside to manage the firm's operations. Consequently, they are characterised with a lower degree of "familiness" wherein social factors such as family bonds, emotions, etc. become less significant and other firm-related factors start playing a greater role. Thus, large family firms are more corporatised in nature.

6.3.1.1. Social Factors

Family-centred non-economic factors such as – emotional attachment between the family members, family bond, family values, family reputation, interpersonal trust between the family members, etc., are set as the primary reference point while undertaking any strategic decisions in family firms. These factors are discussed in the following sections with respect to small and large family firms.

- ***Family SMEs***

In all these family SMEs, it is observed that these family-centred non-economic goals inhibit family SMEs in internationalising their operations. These social factors hold such supremacy in family firms that at any point they do not undertake any decision if it threatens their social endowment (Berrone et al., 2012).

One of the important social factors is the ***family bond*** i.e., the emotional attachment, trust and relationship between the family members. In all these case firms, the respondents were of the opinion that maintaining family bonds and staying together is more important than making

money. All these family SMEs are found to place high emphasis on emotions and relationships between the family members. For instance, the respondent in case firm B mentioned that,

> *"So I live in a joint family.. So if ever I present an idea of leaving my family home or staying somewhere else for the purpose of business, they would say we do not need more money, we have enough, you just stay at home."*

Thus, family members exhibit greater desire of staying together. The high emotional attachment between the family members inhibits them to undertake decisions which are guided by economic logic (Jain et al., 2023; Scholes et al., 2016). Such family bonds provide collective kinship benefits to the family members in the form of interpersonal solidarity, feeling of closeness, relational trust and collective social capital (Cruz et al., 2012). Due to these reciprocal bonds between the family members, all these case firms exhibited greater desire to pursue the welfare of their family members even if there are no obvious economic benefits in doing so. Consequently, such emotional attachment between the family members guides their strategic decisions, as mentioned by respondent from case firm A,

> *"My father always says that we will grow our business here only. Why do you want to take it to international level? Why do you want to go abroad? You don't need to do it. Why not do it India only? So these are the emotions in our family business that we have to live together, we are always there for each other. So this bond, these emotions, are very very strong in Indian family firms as compared to family firms abroad. So because of this Indian society and Indian mentality, our elder generation believe that let our family business be in India only.. at least we are happy here!"*

In these sample firms, there is a wide range of emotions that permeate in the organisation such as love, warmth, respect, care, tenderness, etc. These emotions influence their decision-making process since the boundary between the family and the business is often blurred in these family

SMEs (Debellis et al., 2021). These emotions foster the family's sense of legacy and their organisation becomes a place where the need for belongingness, intimacy and affect are satisfied (Kepner, 1983). Thus, in all these case firms, it was observed that the family bonding and the emotional attachment between the family members inhibit them in expanding their operations internationally.

The social factors in family firms also include ***family values***, which affect their decision-making process. In family firms, there are values like commitment, trust and solidarity which affect their decision-making process (Erdem & Gul Baser, 2010). These family values define acceptable norms of behaviour and relationship among family members (Berger & Luckman, 1967). They are transmitted through generations in family firms and are tied to the longevity of the business (Miller & Le Breton-Miller, 2006). These values are considered as moral or ethical codes which provide the basis to determine what is right, wrong or (Sharma & Nordqvist, 2008). The respondents in five of these case firms exhibited the importance of family values such as family ethics, maintaining trust in the society, helping workers, etc. in guiding their internationalisation decisions. While respondent in firm F believe that family values do not play any role in the firm's decision-making process, respondents from all other firms mentioned that high degree of family values in their firm leads to lower degree of internationalisation. For instance, respondent in case firm C mentioned,

> *"So my family is a well-known family in the city.. not known for the money or something... but we are known for our family values. We are known for the trust that we have developed in the society, that we are nice people, and we always had been. Due to our strong family values, our customers or sellers already have this thing in mind that we are not going to cheat them, whatever we will do, it will be right. They trust our words. At any cost, we cannot break this trust. We thus, do not prefer to engage in any risky activities like internationalisation or expansion, because if we lose money, we lose*

our business, we lose our customers and we lose the trust and reputation that we have built in the society."

Thus, commitment to family values and family ethics take precedence for these family SMEs while expanding their businesses internationally. These firms believe that their fundamental values and ethics are to develop and maintain long lasting trust and relationship with their domestic market customers. According to them, diverting their resources and time towards international markets will not allow them to fully commit themselves to their domestic market. Thus, at any cost, they cannot put this trust and relationship at risk by engaging in uncertain activities like internationalisation.

Finally, family firms are concerned about their ***social status and recognition*** in the market which also influence their decision-making process. In all these case firms, it was observed that social standing and recognition is utmost important for them. They believe that the identification of their firm is dependent upon their family name and social standing in the market. For all these case firms, their family legacy and history is attached to their social status, thus at any time, it becomes utmost imperative to raise their social standing and recognition in the market.

Except for firm B, respondents from all other firms believe that family firms' desire to maintain their social status and recognition in the market lowers their degree of internationalisation. This is because internationalisation is considered as a risky and uncertain venture. Consequently, these family SMEs fear losing their social standing and recognition in the market in case international expansion becomes unsuccessful. For instance, respondent from firm A mentioned,

"Going international involves various types of risks which are beyond the control of our firm. Neither do we have that much resources, nor expertise, that we can control

the damage which is emerging from international markets' uncertainty. Such risks cannot be settled with the money that we have. So, we are bit hesitant about taking those risks since it will damage the social standing that we have in the market. We only enter in those areas where we are doubly sure about the things since we cannot afford to lose our family name and reputation in the market."

Thus, it is utmost imperative for all these firms to preserve and enhance their social standing and recognition in the market. Such social status reflects their family image and respect in the market and at any cost, they cannot afford to lose the respect of their family business in the market. Since these are small and perhaps struggling enterprises, they have the fear of losing their social standing due to the lack of confidence in managing the impending risks of internationalisation.

However, respondent from firm B in fact believe that internationalisation helps the family firm in enhancing their social standing in the market. If a firm is engaged in international operations, it gives an impression to the society that the firm is doing well and has good growth prospects. Thus, he mentioned,

"If you are talking to somebody and you just say that you are exporting or you are in some kind of international business, you get a social recognition. It will enhance your social standing."

It is surprising to note that majority of these firms believe that internationalisation will hamper their social standing in the market, which is contrary to the general belief that internationalisation leads to building social standing and reputation in the market (Atuahene-Gima & Murray, 2007; De Noni & Apa, 2015). This may be because these family SMEs are more concerned about their impending loss of internationalisation rather than building social status which may happen if internationalisation is a success. These firms lack confidence in

tackling the risks associated with internationalisation, perhaps because they are characterised by limited managerial capabilities, financial resources and international experience. Thus, the above discussion presents that social status and recognition are the antecedents of internationalisation and not the outcome. While undertaking internationalisation decisions, family SMEs are more concerned about their current social standing in their domestic market and thus exhibit greater risk averse behaviour. Consequently, they are unwilling to take any risky and uncertain decisions like internationalisation that might impair their family name, recognition and social standing in the market, in case they internationalise and they do not succeed in the international market.

- ***Large Family Firms***

In case of large family firms, it was observed that four out of six case firms (i.e., case firms G, J, K and L) believe that these social factors such as family bonds, relationships, social status, reputation, etc. play a role in the internationalisation decisions of family firms. However, they believe that these factors play a positive role in enhancing the internationalisation of family firms. For instance, respondent from case firm K mentioned,

> "*Family members bonding and relationships affect the decisions. The bond that family members share impacts the decision making of the firm. If the bonding is good, then good decisions will be taken. Good bond and relationship between the family members will lead to good coordination and communication which will ultimately lead to good internationalisation decisions.*"

Similarly, respondent from firm J mentioned,

> "*Good family firms have good name and reputation in the market. Such good reputation has helped them in building trust in the market. As a result, they are able to get funds easily. These bankers give funding to companies only on the basis of their names and*

goodwill in the market. As a result, these family firms are able to invest overseas since they are able to get easy money."

Thus, it was observed that these social factors such as family bond and relationships, reputation and social status, etc. play a positive role in enhancing the internationalisation of large family firms. Such strong family bond and relationship facilitate smooth decision-making due to enhanced coordination and cooperation among the family members. In fact, healthy bond and relationships among family members improves the overall culture of the organisation. Consequently, these shared bonds help in reducing the conflict of interest between different generation family members. As a result, founding generation family members show greater acceptance to the ideas of younger generation family members in expanding their operations overseas. Further, good relationships with the society also helps in enhancing the internationalisation of family firms. This is because business partners and financial institutions choose to deal with a family business when it is run by a trustworthy family and has a good reputation in the market (Jiang et al., 2020; Xu et al., 2020). Family reputation in the market is usually perceived as an important source for SEW (Berrone et al., 2012; Naldi et al., 2013). This implies that family firms shall work upon their socioemotional ties in order to build reputation and social standing in the market which ultimately leads to greater degree of internationalisation. Thus, such social factors enhance family members' relationships within and outside the organisation which contributes in enhancing the internationalisation of family firms.

However, two case firms i.e., firm H and I believe that social factors do not play a critical role in the internationalisation of large family firms. For instance, respondent from case firm H mentioned,

"*I do not think that emotions have any role to play in the internationalisation decisions of family firms. It is the money which matters. Financial considerations and market characteristics are given importance while taking internationalisation decisions. Thus, emotions do not play any role*."

Thus, these case firms believe that family bond and relationships, emotions, family values, etc. do not affect the internationalisation decisions of large family firms. When a family firm grows in size, the significance of these social factors reduces while that of organisational factors such as financial resources, human resources, etc. increases in influencing the family firms' decision-making process. This is because, as the size of the family firm grows, degree of "familiness" in the family firm reduces since various external non-family members start influencing the decisions of the family firm.

In conclusion, it is observed that these social factors play a negative role in the internationalisation of family firms while they have a positive impact on the internationalisation of majority of large family firms. Further, in comparison to large family firms, social factors play a greater role in family SMEs because these family SMEs are more close-knitted family firms. The decision-making in large family firms appear to be guided more by economic considerations than family considerations. Thus, it can be concluded that social factors play a role in determining the internationalisation decisions of both family SMEs as well as large family firms, however, they play a greater role in case of family SMEs. Consequently, it is imperative that both family SMEs as well as large family firms shall consider these social factors while undertaking their internationalisation decision.

6.3.1.2. Family Generation

The family generation that is currently ruling the business also has an impact on the family firms' degree of internationalisation (Chirico et al., 2011). Knowledge and experiences tend to differ across generations. The family members from different generations often possess different expertise and educational background (Talke et al., 2011). Hence, different generation family members exhibit different risk-taking ability which in turn impacts their internationalisation decisions.

- ***Family SMEs***

In all these case firms, it was observed that the degree of risk aversion as well as the mindset while undertaking the decisions varied across different generations. It was observed that younger generation family members exhibited greater readiness to undertake challenges. Thus, they were willing to assume more risks and engage in uncertain and complex decisions like internationalisation. In all these firms, the subsequent generation family members had better external experience and upper-level education. They all possessed formal education and experience in comparison to the founding generation family members. For instance, the respondent from firm B mentioned,

> *"Younger generation family members have an open mindset and they want to go abroad. They are risk averse. However, the older generation is more comfortable in what they are doing right now and they do not want to expand abroad. They want to be 100 percent sure before investing a single penny but that is not entirely possible while internationalizing. So, the required momentum in decision making is not there when the charge of the firm is completely in the hands of elder generation family members."*

Further, respondent from firm D specifically pointed out the difference in the mindset across family generations. Due to such difference in the mindset, elder generation family members exhibit greater risk averse behaviour and thus are unwilling to engage in uncertain activities like internationalisation. Thus, he mentioned,

> *"Because of the change in lifestyle, because of the change in society, because of the upbringing the society gives to you, the generation gap also creates a big mind gap. There is a very vast difference between how my grandfather thinks and the way I think. People from different generations have different mindset. Younger generation family members are more advanced and they help in taking business to the international level."*

Thus, in all these case firms it was observed that younger generation family members are better able to handle the complexity associated with internationalisation since they possess superior training which enhances their ability to analyse competitors and markets. As contented by Gomez-Mejia *et al.* (2007), it was observed that founding generation family members exhibited greater desire to protect and preserve their family business for the succeeding generations. Consequently, they are more risk averse. In all these case firms it was observed that younger generation family members are guided by the economic logic in their decision-making process. Thus, the desire to preserve family legacy, the emotional attachment between the family members and the strength of social ties diminished in later generation family members. As a result, they were not hesitant in undertaking challenges and complexities associated with international markets.

- ***Large Family Firms***

In all these large case firms, it was observed that different generation family members possess different international experience, knowledge, skills and expertise, which affect their

internationalisation decisions in a different manner. For instance, respondent from case firm G mentioned,

> "*Family members from younger generation have greater international experience. These young generation family members have foreign degrees and hence they understand international markets better. Since they are less risk-averse, they are able to take quick decisions with respect to internationalisation*."

Thus, large family firms too believe that younger generation family members exhibit a greater desire to expand their operations abroad. They are more active in tapping upon the opportunities in the international markets since they exhibit a lower risk-averse behaviour. However, majority of these large case firms believe that it is imperative to have family members from multiple generations in order to have diverse perspective on firm's board. The presence of multiple generation family members will foster the family firms' degree of internationalisation since family members across generations possess varied skills, experience, and expertise. Thus, family firms benefit more with the presence of multiple generation family members in comparison to single generation family members. For instance, respondent from case firm J mentioned,

> "*In the current scenario, family members from all the generations have access to the international markets. In fact, the presence of different generation family members complements each other in terms of their experience and knowledge. Younger generation family members are able to build international networks quickly while founding generation family members bring years of experience to the firm. Thus, together, they are able to better handle the complexities of the foreign markets*."

Similarly, case firm I mentioned,

"*Nowadays, older generation family members are listening to the ideas of new generation family members since they are getting their education from abroad. As a result, older generation family members believe that younger generation has seen the world and they can take the business to different regions or continents. They have learnt about different countries and geographies while pursuing their education from foreign countries. Similarly, younger generation family members believe that they need an experienced decision-making figure in the organisation. Thus, both feel the importance of each other*."

Thus, different generations family members bring different perspectives and fresh insights which help in building the firm's capabilities (Habbershon et al., 2003; Miller & Le Breton-Miller, 2006). Multiple generations promote innovation and creativity in the organisation in comparison to a single generation (Sciascia et al., 2013). Further, knowledge and experiences differ across generations (Chirico et al., 2011) since different generations family members possess different expertise and educational background (Talke et al., 2011). Involvement of multiple generations in a family business leads to diversified skills and capabilities which helps in better identification of internationalisation opportunities (Chirico et al., 2011). Thus, the existence of multiple generations fosters the family firms' internationalisation process, mainly because, the multiple-generation family members possess diverse knowledge and information, which is paramount for internationalisation (Dou et al., 2019).

Thus, in conclusion, both family SMEs as well as large family firms believe that younger generation family members exhibit less risk-averse behaviour and thus are willing to internationalise more. However, large family firms believe that it is the presence of multiple generation family members which actually fosters the family firms' degree of internationalisation. Across generations, family members benefit from the knowledge and

experience of different generations. Thus, it is imperative for family firms to analyse the role of different generation family members in the internationalisation process of family firms.

6.3.1.3. Family Control

The degree of family control in the business influences their strategic decision-making such as their internationalisation decisions. In order to retain family control in the business, family owners invest a share of their wealth in the organisation. It is argued that as family ownership in the organisation increases, family owners' ability to influence firms' strategic decisions also increases. When a large proportion of family wealth is tied up in the firm, family owners are more likely to cater to family values and family interests in its strategic decision-making (Bianco et al., 2013; George et al., 2005; Liu et al., 2011). Thus, family ownership as well as family members' involvement in management influence the family firms' decision-making such as their internationalisation process.

- ***Family SMEs***

In all these small case firms, it was observed that there was an overlap between management team, the board of directors and ownership, with the same family members involved at all levels. Thus, the ownership and control in all these firms was concentrated in the hands of family members only. Consequently, they exhibited greater risk averse behaviour since a large proportion of their family wealth was tied up in the business (Yang et al., 2020). As a result, they avoid engaging in uncertain activities like internationalisation. Further, the respondents from all the case firms mentioned that due to the fear of losing the decision-making authority, they do not prefer recruiting non-family members at various positions in the organisation. For instance, respondent from firm B mentioned,

> *"We do not want to lose family control and moreover we do not want to share decision making power with anyone else. So, if we are recruiting external human resources or*

giving ownership to somebody from outside, it means that we are assigning a percentage right of decision making to someone else. And are not willing to do that."

Also, respondent from firm E mentioned,

> *"Ours is a small family firm and we do not employ professional managers from outside. So, all the members are from one family only. Thus, going to a different market, international market, is difficult because family members have limited knowledge and expertise only. With this limited knowledge and expertise, it is very difficult for us to understand the complexities associated with international markets. We thus are comfortable in our domestic market."*

Thus, in all these family SMEs, it is evident that they place greater emphasis in preserving family control and influence in the business and thus exhibit a conservative behaviour. In these firms, only the immediate and extended family members play critical role in the decision-making process. All these family managers usually possess common experience, expertise and educational background acquired within the family firm. Consequently, they lack sufficient experience and managerial skills to handle internationalisation strategies. Thus, the unwillingness of these family SMEs to dilute their family control as well as decision making authority leads to lower degree of internationalisation.

- ***Large Family Firms***

In all these large case firms it was observed that as the firm grows beyond a certain level, the family ownership and family members' involvement in the management reduces. A large family firm needs external funds and human resources as it matures and grows in size. Thus, a family firm becomes more corporatised once the external non-family members enter the firm and gets involved in the family firm's decision-making process. For instance, respondent from case firm J mentioned,

"*Once a family firm becomes a public listed company then the family cannot control the entire decision-making of the company in a manner in which they want. When a family firm is listed on the stock exchange, the family ownership gets diluted as external members also become the part owners of the company. As a result, in a large firm, these external shareholders also get involved in family firm's decision-making process*."

Similarly, respondent from firm I mentioned,

"*On papers, the board of a company maybe family driven but these large family firms have separate CEO, CFO and functional heads to undertake day-to-day operational decisions. So, the decisions with respect to internationalisation are taken by the entire board and not just the family members*."

Further, in all these case firms, the respondents mentioned that it becomes imperative to recruit external non-family professional managers who bring in the required expertise and knowledge indispensable for family firms' internationalisation. Beyond a level, the knowledge and experience of family managers is not sufficient to handle all the operations of the organisation. Thus, the presence of non-family managers becomes imperative to handle the complexities of the international markets. For instance, respondent from case firm L mentioned,

"*In a large size family firm, there are a lot of decisions that have to be taken in the organisation. Family members themselves do not have knowledge about everything. They too want external professionals who possess required expertise and experience in relevant fields. Specially, while undertaking internationalisation decisions, family firms need professionals who have knowledge about different geographies and markets. A lot of knowledge about foreign markets in terms of their laws, customer preferences, market size, etc. is needed while deciding to expand abroad. Since, family members*

cannot know everything, external non-family professionals are needed to take such decisions."

Thus, the family ownership alone cannot determine the extent of family control in the business. The family members' involvement in management is imperative to influence the decision-making in family firms. In case of large family firms, it is observed that both family ownership as well as family members' involvement in management is reduced as a family firm grows in size. After a juncture, family funds and internal human resources alone do not suffice to handle the complexities of the business operations. Thus, the family firm has to employ external funds and human resources which in turn dilutes the family control in the business. However, such external resources help in fostering the family firms' degree of internationalisation by bringing the necessary skills, knowledge and experience in the firm. Thus, as a family firm becomes more corporatised, the external resources become imperative to enhance the family firms' degree of internationalisation.

In conclusion, while, family has a greater control in the decision-making of family SMEs, such family control gets diluted in large family firms as the firm grows in size and complexities. Thus, a greater degree of family control has a negative impact on the internationalisation of family SMEs due to the risk-averse behaviour of family owners. Such negative impact is reduced in large family firms due to the presence of external funding and human resources which reduces the risk-averse behaviour of family owners. Thus, it becomes imperative to analyse the extent to which the family can influence the strategic decision-making in family SMEs as well as large family firms.

6.3.2. Societal Factors

India is the most diverse country in the world in terms of its culture, ethnicity, caste, religion and language (Kapoor, 2004). The national culture and the caste system are the two important

elements of the society that shape the mindset and behaviour of its people. Consequently, the researchers have categorised this theme into two parts – ***Indian culture*** and ***Indian caste system***. The culture of any country shapes the mindset, beliefs, perception and attitude of the people (Jayantilal et al., 2015). It thus becomes imperative to understand if such culture affects the decision-making process of the firms functioning within that society. Culture plays an important role in family firms since cultural values, beliefs and norms transmit through generations in the organisation (Gersick et al., 1997). In different cultural setting, family firms exhibit differences in their decision- making process (Zahra & Sharma, 2004). Family firms are the repositories of the cultural endowments, thus national culture reflects the organisation and its members (Gupta et al., 2009). Consequently, it becomes imperative to understand the role of Indian culture in family firms' decision-making process. Further, India has been deep-rooted in its caste-based social system (Jayantilal et al., 2015). In India, caste determines the identity of the individuals and influences their decision-making process (Shivani *et al.,* 2006). Especially in tradition-bound families, the caste system influences their decisions in the matters of occupation, education, business, etc (Bhalla & Goel, 2019). Given the significance of the caste system in determining the family's decision-making process, the study attempts to understand if the internationalisation decision differs across the family firms owned by different castes. That is, if family owners from different castes have different risk-taking ability, mindset, etc.

6.3.2.1. Indian Culture

Culture is defined as "the way of life for an entire society" (Firth, 1951). Culture is a complex of features held by a social group which includes language, rituals, codes of manners, systems of belief, norms of behaviour such as morality and law and, religion. The members of the social group first adopt the culture and then it is propagated and transmitted to others. Culture consists

of patterns of behaviour of human groups acquired and transmitted by symbols. The core of culture consists of traditional ideas and their attached values (Calori et al., 1994).

Indian society is still deeply rooted in its cultural background. India accommodates incredible cultural diversity between religious traditions, values, beliefs, geographic regions and languages (Pearson & Chatterjee, 1999). Indian culture is the heritage of traditional customs, social norms, belief systems, ethical values and artifacts. Each individual in the society exhibits strong association to their cultural values, beliefs and norms which in turn affect their decision making (Gupta et al., 2009). According to Hofstede's cultural dimensions, Indian society is more collectivist wherein the well-being of the group is prioritised over individual interest. Thus, family and social ties are given greater importance in Indian society. In accordance with Indian culture, family is considered as the most important value which is followed by the long-term survival and continuity of the family business (Hofstede et al., 2002). Since India is a traditional country; the individuals are expected to tune their decisions in accordance with the family as well as the social structure (Rutten, 2001).

Each firm in the society is embedded in its national culture which affects the decision making, functioning and control mechanism of the firm (Calori et al., 1994). There exist differences among family firms in different cultural settings (Zahra & Sharma, 2004). It is rightly said by Jayantilal et al. (2015) that "the firm is embedded in the family which in turn is embedded in the national culture, and each contributes in shaping the family firm." Thus, the researchers believe that there is an interplay between the family business culture, family culture and national culture.

- ***Family SMEs***

In the analysis it was also observed, that except for case firm C, in all other family SMEs, Indian culture plays an important role in shaping the decision making in their firms. All these five family SMEs believe that the culture in which these firms' function, shapes the mindset of

the family owners, which in turn determines their decision towards internationalisation. In our case firms, it was observed that culture includes respect for elders, rigidity and orthodox mindset. As mentioned above, culture determines the beliefs, values, norms and standards of behaviour of an individual. Indian society is the combination of seemingly constraining cultural values and rigid social structures (Singh & Krishnan, 2007). Thus, in these firms, it was evident that once the culture shapes the beliefs and values of an individual, they often remain stable and do not change frequently. Consequently, it leads to rigidity in the mindset and behaviour of an individual. For instance, respondent from firm A mentioned,

> *"Our Indian culture defines the mindset of the people who are running the business. The senior members of the family who are running the business are very rigid. They don't accept changes. You will be surprised to know that even shifting the business from offline to online is a struggle for them because very senior members have the major hold in the business and they are very rigid. So you can imagine that how difficult it is for them to take their business in the foreign markets. So I believe that this the major bottleneck in the internationalisation."*

Also, respondent from firm D mentioned about the orthodox mindset of the family owners and said,

> *"Due to the culture in which we are living, it is evident that older generation family members who are running the business have an orthodox mindset. These small Indian family firms are generally male dominated businesses. Females of the family are generally broad minded. They want to expand the business and contribute to its growth. However, they are generally not allowed to give their suggestions and handle the business."*

Although, Indian society is undergoing changes wherein younger generation family members are becoming more permeable to western values, the older generation family members still

remain deeply entrenched in cultural values (Pearson & Chatterjee, 1999). The rigid and orthodox mindset of the elder generation family members leads to inflexibility in the functioning of small family firms. For these family members, the stability and wellbeing of the family as well as the firm are of fundamental importance (Chrisman et al., 1998). In Indian culture, the success of the family firm enhances the family's reputation, and family is seen as the centre of social identity (Gupta et al., 2009). Consequently, in order to ensure firms' continuity, they exhibit greater risk averse behaviour and avoid changes in the business operations. Thus, Indian culture contributes in shaping the rigid mindset of the family owners and inhibits them to accept changes in the form of internationalisation.

Further, in India, since various generations tend to live together, the respect for elders is rooted in Indian culture (Rutten, 2001). These elder family members are culturally rooted in the traditional values of Indian culture. The Indian culture is such that the son rarely openly disagrees with the father since the father-son relationship is quite formal (Dutta, 1997). If at any point in time, the younger generation does not adhere and respect the elder members of the family, it results in turmoil in the family (Chrisman et al., 1998). In this vein, the respondent from case B mentioned,

> *"In India, we have a culture that if your son is saying something, he should always agree to what father is saying and fathers are generally orthodox. So, this part of Indian culture always influences the decision making in small family firms."*

Thus, Indian culture promotes traditional hierarchical social structure which emphasises respect for elders. In all these case firms it was observed that management is autocratic and hierarchical. Even if younger generation family members are willing to expand the firms' operations, they are unable to do it due to their respect for elder members in the family. Thus,

in all these five case firms it was observed that these cultural values shape the mindset of the family owners in a way that they are unwilling to expand their operations internationally.

- ***Large Family Firms***

Although, Indian culture plays a critical role in determining the internationalisation decisions of family SMEs, they do not appear to affect the internationalisation decisions of large family firms. In all these large case firms, the respondents mentioned that Indian culture does not determine their internationalisation decisions. For instance, respondent from case firm K mentioned,

> "*If we talk about big Indian family firms, most of the family members are well-educated. They have mostly taken education from foreign country. As a result, they do not have stereotypical or orthodox mindset. Thus, the mindset of these family business owners is not impact by the culture of the country. Family business owners do not take big decisions like internationalisation on the basis of the culture*."

Similarly, respondent from case firm I mentioned,

> "*No, I don't agree that Indian culture affects the internationalisation of Indian family firms. When they expand overseas, they consider market or the region from where they can get profits. Culture of the country does not play any role. In today's time, these family members are not embedded in the traditional hierarchical structure of the Indian culture. They do not think that way. The relationships and roles between the family members are not determined by the Indian culture*."

Thus, in all these large case firms, respondents mentioned that Indian culture does not play an important role in guiding the internationalisation decisions of family firms. Although, in case of family SMEs, the culture determines the relationships and bond between the family members, the same is not the case with large family firms. The mindset of the family business owners of large family firms is not influenced by the Indian culture. The family members are

not bound by the traditional hierarchical social structure and orthodox mindset. Thus, younger generation family members are given the space to express their ideas with respect to internationalisation. Thus, Indian culture does not shape the mindset of the family business owners in a way that it hinders the internationalisation of family firms.

In conclusion, it is observed that the rigid and orthodox mindset of the elder generation family members leads to inflexibility in the functioning of small family firms. In these firms, it was evident that once the culture shapes the beliefs and values of an individual, they often remain stable and do not change frequently. Consequently, it leads to rigidity in the mindset and behaviour of an individual. As a result, the younger generation family members find it difficult to express and execute their ideas of expanding overseas. While, the same is not the case with large family firms wherein the culture does not affect the mindset of the family members and thus does not act as the hurdle while undertaking strategic decisions like internationalisation. Thus, it becomes imperative to analyse the role of Indian culture on the internationalisation decisions of small family firms, while it is not needed to be analysed in the case of large family firms.

6.3.2.2. Indian Caste System

One of the widely commented and well-known features of Indian society is its caste system. Even though the caste system was outlawed in India in 1947, its shadows are still there on the social structure of India (Shivani *et al.,* 2006). In Indian family businesses, every caste has its own dominant beliefs and culture which gets reflected in its organisation (Sinha, 2021). In Indian business history, there have been various communities like Marwaris, Bhatias, Parsis, Chettiars, Jains, Khatris, and others. It is contended that an enterprise would not succeed without the support of a community (Roy, 2014). Further, in one of the studies it was observed that the caste system in India permeates the corporate decision making since businesses

preferred to enter into mergers and acquisitions with the businesses sharing the similar caste identities (Bhalla & Goel, 2019).

- ***Family SMEs***

In case of small case firms, it was observed that except for case firm D, the caste system has no role to play in the decision making of these firms. All these respondents propounded that they have long past the time of this caste system, and now it has nothing to do with the functioning of the firms' operations. Thus, the mindset and the risk-taking ability of the family owners did not vary across the case firms due to the differences in the castes to which they belong to. For instance, respondent from firm A mentioned that,

> *"I don't think so that the internationalisation decision has anything to do with the caste. Businessmen are generally open to these things. If they have a business with anyone, with any caste, they are hardly concerned with it. If they are making money, then they are ready to deal with anyone. In old Delhi, you will see that 80 percent of the Hindu business families are dealing with Muslims. Although, they are very much religious, but when it comes to business, they are okay with that. So, it is more important that who is giving business to them, be it any caste."*

Thus, these firms believe that the caste system does not have any role in the internationalisation decisions of these firms. Their ability to undertake risk or any other decision is not influenced by their caste. While doing business, it is only about making money and generating profits. It does not matter what caste they belong to or with which caste they are doing the business. However, respondent from firm D mentioned,

> *"There is a certain level of caste system that is being followed in India. It determines your trust in people. If I talk about my system, so my father and my grandfather will be very, very happy in working with people of our own caste. It will have a satisfaction in*

them that yes, they are of the same caste so they will not cheat or they will be very supportive. But, as soon as there is a different caste, it will take good amount of time to actually think and take a decision that whether they want to do it or not. If there is a different caste, they may not be sure in investing in that place."

Thus, in firm D it is evident that while expanding abroad, family owners would be willing to do business with the people of their caste only since it brings a sense of trust and satisfaction. However, in five out six case firms, it is observed that caste system does not have any role in the internationalisation of family firms.

- ***Large Family Firms***

Similarly, in all these large case firms it was observed that Indian caste system does not determine the strategic decision-making in family firms. The caste system does not influence the risk-taking ability of these family firms. Thus, the mindset and the risk-taking ability of the family owners did not vary across the case firms due to the differences in the castes to which they belong to. For instance, the respondent from case firm J mentioned,

"*I do not believe that caste system has any impact. Be it Parsis or Marwaris or Gujaratis; once they reach a particular level, they just come out of this caste system. There is no difference in the decision-making between Ambani, Parsis, Marwaris or Gujaratis*."

Similarly, respondent from case firm G mentioned,

"*To be very honest, if we are talking about any big family firm going international, I believe that the caste system does not play any role. The mature people who are operating from the top, do not consider caste system while undertaking any decision. In fact, my owner belongs to a 'Punjabi' family but when it comes to money, everyone thinks the 'Baniya' way. Everybody is cautious while investing their money abroad*."

Thus, in conclusion, caste system does not affect the decision-making in small as well as large family firms. In today's time, these family firms have long past this caste system and hence, their decisions are not affected by the caste they belong to. Thus, caste system shall not be considered as a factor while determining the internationalisation decisions of family firms.

6.3.3. Business Group-related Factors

As observed, these societal factors do not play a key role in determining the internationalisation decisions of large family firms. However, respondents from large case firms mentioned that there are various business group-related factors like business group affiliation and age of the family business group that affect the internationalisation of family firms. Business groups are defined as an organisation of formally independent firms that share common financial and administrative control. An organisation who is part of the business group, entails several benefits to firms such as easy access to capital and, labour and product markets (Khanna & Rivkin, 2001). Thus, family firms belonging to old and big business houses are able to develop good reputation and social standing in the market. Such reputation helps these family firms in developing networks in the international market. Consequently, such business group-related factors determine the internationalisation decisions of large family firms.

6.3.3.1. Business Group Affiliation

As mentioned, business group affiliation brings benefits to the firms in the form of easy access to capital and, labour and product markets (Khanna & Rivkin, 2001). Consequently, in the event of the absence of efficient external markets, group affiliates provide an efficient way to transact internally (Guillen, 2000). Business group affiliations are specifically advantageous for emerging market firms wherein it helps them in overcoming and reducing the costs associated with operating in a weak institutional environment (Hoskisson et al., 2004). Such affiliation helps these firms in assisting each other in the allocation of capital, product, and

human resources (Khanna & Palepu, 1997). For instance, respondent from case firm L mentioned,

> "*Affiliation of a firm with a business group helps in overcoming the challenge of limited resources. A family firm is able to build good family image in the market when it is part of a well-known business group. It helps the firm in attracting funds, networks and talented people to the firm. As a result, it helps the firm in internationalising its operations*."

Similarly, respondent from case firm H mentioned,

> "*Family firms from big family business houses are able to develop trustworthy relationship with various stakeholders such as bankers, foreign business partners, financial institutions, etc. Such resources and networking help them in accessing foreign markets. Standalone family businesses or small family businesses will not be able to get such access. Hence, large family firms belonging to these big business houses are able to internationalise their operations*."

Thus, it is evident that business group affiliation facilitates internationalisation since they act as the coping mechanisms for some of the liabilities that the firms face such as resource limitations (Elango, 2009), outsidership (Johanson & Vahlne, 2009), and foreignness (Sethi & Guisinger, 2002). In the event of internationalisation, group affiliations provide access to the network connections embedded within the interfirm network as well as access to foreign market knowledge (Lamin, 2017). Consequently, access to such a portfolio of heterogeneous resources helps the firms in overcoming the liabilities of foreignness and newness associated with international markets (Manikandan & Ramachandran, 2015). Affiliated firms learn from the previous experiences and current activities of other affiliates which also assist them in internationalising their operations (Elango, 2009). Business group affiliation also helps firms

in strengthening their position in foreign markets by gaining access to the relevant networks in these markets (Elango & Pattnik, 2007). Thus, group affiliation helps these firms to internationalise their operations by allowing them to tap upon the connections and knowledge of other affiliated firms and reduce their resource-related internationalisation barriers (Eduardsen et al., 2022). Given the significance of business group affiliation, it becomes imperative to analyse if business group affiliated family firms are able to internationalise more.

6.3.3.2. Age of the Family Business Group

It is argued that as the firm grows older, the cost of engaging in international business operations is mitigated since they acquire resources over time which helps them in building capabilities and positional advantage (D'Angelo et al., 2013). The process of building dedicated resources and accumulation of resources is time-consuming. Consequently, RBV argues that such superior stock of resources accumulated over time helps the firm in dealing with the uncertainties associated with internationalisation (Westhead et al., 2001). Further, failure rates tend to decrease as firms grow older since reliability and accountability tend to increase with age (Hannan & Freeman, 1984). For instance, respondent from case firm I mentioned,

> "*Family firm which belongs to a let's say 200 years old family business group has attained good reputation and name in the market. Over these years, people have known their brands and developed a trust in their products. Also, during this period, they have contributed immensely towards the economic development of the nation and hence have been able to develop good connections with the government too. All these connections and reputation help them internationalising their operations abroad*."

However, the analysis did not bring consensus with respect to the relationship between age of the family business group and their internationalisation. Four out of six case firms believe that

older family firms are able to internationalise more while two believe that younger family firms have greater potential to internationalise. For instance, respondent from case firm K mentioned,

> "*These new age family business houses are willing to undertake greater risks and hence are willing to internationalise more. Younger family businesses are willing to employ new age technologies to undertake their operations. They are not embedded in the traditional culture and more willing to compete in the international market*."

Thus, it is observed that these new age family business houses are more dynamic in nature. They are willing to undertake more risks, hence they are able to undertake risky activities like internationalisation. As the firm grows older, organisational routines are difficult to change or unlearn since "contemporary traps" and structural inertia develop with time (D'Angelo et al., 2013). Older firms become unresponsive and inefficient to the changes in the external environment. Thus, failure rates are expected to increase as firms grow old (Henderson, 1999). However, such organisational rigidity is observed less in younger family businesses. Thus, they are open to new knowledge and experiences. Consequently, it helps in fostering the internationalisation of younger family firms. Thus, it becomes imperative to analyse the role of age of the family business group in the internationalisation of family firms.

6.3.4. Organisational Factors

6.3.4.1. Financial Resources

Financial resources play a critical role while expanding the operations at the international level. Family firms intend to exercise tight control over the firms' management activities (Mitter et al., 2014). Thus, due to the fear of losing family control, they are reluctant to raise fresh external capital and exhibit greater dependency on funds generated internally for financing international expansion (Graves & Thomas, 2008). However, the challenge of limited financial resources is more prominent in case of family SMEs since they rely more on internally generated funds in

comparison to large family firms. Consequently, it acts as a hurdle in the internationalisation of family SMEs.

- ***Family SMEs***

All these small case firms were characterised with lack of financial resources and they were dependent upon internal generated family funds only for financing their operations. In order to maintain family control in the business, these family SMEs refrain from diluting their family ownership in the business and thus, rely more on internally generated funds (Chan & Hsu, 2009). Consequently, all of these firms mentioned that one of the significant challenges in the internationalisation of the firm is the lack of financial resources. Family's capital often does not suffice to support internationalisation, since internationalisation is a capital-intensive activity (Fernandez & Nieto, 2005). For instance, respondent from firm B mentioned,

> *"Most of the family run small businesses invest their own money. We are not interested in going for outside resources and capital. We don't want to lose our family control. If we are raising external capital then it means that we will have to share our decision-making power with outsiders. We are not willing to do that since it will dilute family control and influence in the business."*

Similarly, respondent from firm C mentioned,

> *"I believe the limited access to small family firms does not allow them to internationalise their operations. Actually, the mindset in our firms is little different. We employ funds generated within the family only. We avoid raising outside funds in the form of debt or equity. It will bring external influence and control in the business."*

Thus, in all these case firms it is observed that they do not prefer issuing new shares since it will bring new shareholders into the firm and consequently family's control in the business will be diluted (Hutchinson, 1995). Since all the activities in family SMEs are majorly financed

through internally generated funds, a large proportion of family members' wealth and ownership is at stake (Fernández & Nieto, 2005). Consequently, it makes family managers more risk averse and thus are unwilling to engage in uncertain activities (Scholes et al., 2016). Any firm expanding internationally will have to encounter fluctuations in the overseas markets. This necessitates the constant support of a distinct resource base, including financial resources to absorb such fluctuations (Lin, 2012). As a result, managers tend to avoid risky and uncertain strategic decisions such as internationalisation initiatives.

- ***Large Family Firms***

In case of all these large firms, it was observed that access to financial resources is not a challenge for these firms. These family firms are not much hesitant in diluting their family control to raise external funding. For instance, respondent from case firm J mentioned,

> "*These big family firms are mostly listed on the stock exchange. So, they get easy access to funds. They have access to public funds. Hence, I believe that they do not face problems with respect to funding. These large family firms know that their operations, particularly internationalisation cannot survive on internal family funds. Thus, they are fine with raising external funding*."

Similarly, respondent from case firm G mentioned,

> "*If these family firms are listed then there is no issue of funds. When an investor puts the money in the business, he/she looks at the business side and not the family side. So, the investor does not invest out of any family obligation but looks at a more measured approach like return on investment or the terms of repayment. So, I believe that these big family firms have good reputation in the market and have access to public, banks and other financial institutions. As a result, they do not face any challenge with respect to financial resources*."

Thus, in all these large case firms it was observed that these firms do not face the challenge of limited financial resources. These firms do not hesitate in diluting their family ownership as is the case in family SMEs. They realise that beyond a certain level, internal funds will not suffice to support the operations of the firm. Hence, it is imperative for these firms to raise external funds by giving away some portion of their family ownership. Besides, given their good reputation and social standing in the market, access to external funds does not seem to be a challenge too for these large family firms. Thus, respondents from all case firms mentioned that if a large family firm decides to internationalise, financial resources do not act as a hurdle.

In conclusion, it is evident that family SMEs face the challenge of limited financial resources due to their desire to keep the business within the family only. They refrain from sharing the decision-making authority the non-family owners. Even if they decide to raise external funds, they face the challenge of accessing the capital market due to their small size. It is difficult for these family SMEs to attract banks and other financial institutions to lend money to their business since they do not hold a name and goodwill in the market as large family firms do. Thus, limited financial resources impedes the internationalisation of family SMEs. However, the same is not the case with large family firms wherein they do mind diluting the family ownership to raise external funds. Besides, they have a strong social network and reputation in the market which helps them in attracting various investors. Thus, limited financial resources is not a challenge for large firms and thus, it does not act as a hurdle in their internationalisation activities.

6.3.4.2. Quality of Human Resources

Human resources play a critical role in the functioning of any organisation. Internationalisation is a complex phenomenon and thus the presence of experienced human resources is imperative to successfully carry out international market operations (Segaro et al., 2014). The presence of experienced human resources increases rationality in the decision-making process (Cruz &

Nordqvist, 2012). Thus, the quality of human resources impacts the strategic decision-making in the organisation.

- ***Family SMEs***

In all these case firms, it was observed that all the managerial and board positions were occupied by family members only. As discussed above, family SMEs exhibit greater attachment towards family members, and thus, they are unwilling to hire external professional managers (Cerrato & Piva, 2012). In all these firms, family members considered family firm as a mechanism to provide financial security and employment to the family members. Consequently, the entire decision making in these firms is done by family members only. For instance, respondent from firm F mentioned,

> *"In our business, we do not employ people from outside. Actually, the scale of our business is not that much that we need to employ people from outside. If we take outside expertise, then it will bring their interference in the business. We don't want that outside influence and control in our business. We have created this business for our family. We want to take our legacy forward. We want our business to be taken forward by family members only. We are okay if we are not able to expand much or internationalise our business, but we are satisfied that our business is within the family only."*

Similarly, respondent from firm E mentioned,

> *"All the positions in our business are held by family members only. I think this is the reason that we do not have much awareness about the foreign markets. Family members have limited skills and limited knowledge about the international markets. We do not have that level of expertise. We need help of some outside experts who can guide us about foreign markets. It is very important to understand those markets before establishing business there. But we do not have that level of understanding. But we do*

not hire experts from outside. We do not want to share our decision making with them. I guess it is the major hurdle in internationalisation."

Similarly, in all the other case firms also, it was observed that all the operations and decision making in the firm was executed by family members only. Although family managers are considered as loyal stewards of the company (Eddleston & Kellermanns, 2007), they turn into limitations when activities require new managerial skills, new knowledge or new capital (De Massis et al., 2018). In all these case firms it was observed that family members involved in the business have limited education and knowledge. Thus, the excessive concentration of family members at the top management team limits diverse perspectives in strategic decision making since family managers tend to have similar skills and background (Gómez-Mejia et al., 2010). Thus, hiring of non-family managers becomes critical for successful internationalisation particularly for family SMEs since they are characterised with limited resources (Alayo et al., 2022). These external professional managers bring in more resources, networks and experience and help in overcoming human resource shortages in family SMEs (Sciascia & Mazzola, 2008). Such experience and skills enable family SMEs to undertake internationalisation strategies.

- ***Large Family Firms***

Again, it was observed that quality of human resources is not a challenge in case of large family firms. In all these large case firms it was observed that skilled human resources were employed for various job positions in the organisation. In large family firms, majority of the family members themselves are well educated. Besides, these large family firms are able to attract external talented human resources due to their good reputation and social standing in the market. For instance, respondent from case firm G mentioned,

"*A family firm which is looking to grow knows that it cannot be run by a set of family members only. So, at that time, the family business would definitely need talent. Having*

only the family view in the organisation is also harmful for the business in the long run. So yes, with time, a large family firm looks beyond that and recruit talented and experienced human resources from outside."

Similarly, respondent from case firm I mentioned,

"*This desire of keeping the business in the hands of the family only happens in a very small type family business. Once the company grows, the owner does not want to get themselves involved in the day-to-day or monotonous activities. They just want to oversee everything to ensure that everything is in place. So, these big family firms are equipped with professional human resources. They will not keep their family members in key positions if they are not ready to handle the responsibility that comes with various job positions. They have professional CEOs, CFOs, and other managers to handle the complexities associated with job positions*."

Further, the respondents mentioned that in large family firms, family members themselves are well educated and have international experience. For instance, respondent from case firm K mentioned,

"*I don't believe that family members are less educated than non-family members. If we talk about some well-known family businesses in India, the family members have taken education from world's best universities. They have international exposure also since they have taken education from foreign countries. Maybe the earlier generation family members did not know much about international markets but in the current scenario, family members have access to everything*."

Thus, it is evident from all these large case firms that they are willing to recruit external professional managers to handle various job positions in the family firms. They realise that family members are not enough to handle the complexities of the growing business, hence

external professional managers are needed. Consequently, they are not hesitant in sharing the decision-making authority with the external non-family members. Such professional, talented and experienced human resources help in fostering the internationalisation of large family firms.

In conclusion, it is observed that in case of family SMEs, all the operations and decision-making in the firm was executed by family members only. In all these case firms it was observed that family members involved in the business have limited education and knowledge. As a result, it acted as the hurdle in the internationalisation of family SMEs. However, large family firms are able and willing to recruit external professional managers to handle the complexities associated with international markets. They realise that it is not possible for family members alone to take the business to the international level. Hence, they are willing to share the decision-making authority with the experienced and talented professionals from outside the family circle. Consequently, quality of human resources does not act as a hurdle in the internationalisation of large family firms.

In addition, respondents from large family firms mentioned various other organisational factors such as – International Experience, Board Education and Board Experience that affect the internationalisation of large family firms. The respondents contented that in addition to financial and human resources, these factors are imperative in determining the internationalisation of large family firms. Thus, it becomes imperative to discuss the role of these factors in explaining the internationalisation of large family firms.

6.3.4.3. International Experience

International experience is referred to as "experience that firms accrue from operating internationally" (Clarke et al., 2013). Knowledge created through prior international experience is considered as a critical intangible asset while expanding operations abroad (Fang

et al., 2007; Peng, 2001). International experience helps in overcoming the liability of foreignness by allowing the firm to develop skills and knowledge that are needed while expanding abroad (Barkema et al., 1996).

Respondents from all these large case firms mentioned that international experience plays a key role in determining the internationalisation of large family firms. International experience becomes more important for family firms in order to compensate for limited financial and human resources while internationalising. For instance, respondent from case firm K mentioned,

> "*When a family firm is looking for a large-scale internationalisation, one question is very important – How well do you know the international market? One factor which I believe plays a critical role while undertaking the internationalisation decision is international experience. It is very important for a family firm to know about foreign customers, foreign market characteristics, foreign market laws and restriction while planning to internationalise its operations. If a family firm does not know about the foreign soil, it is very difficult for that organisation to succeed in that market*."

Further, these respondents mentioned that nowadays, these family members themselves are active in learning about the international markets. They do not refrain from sending their children abroad to gain knowledge about international markets. For instance, respondent from case firm H mentioned,

> "*These big and reputed family firms are sending their children to study abroad to understand the dynamics of the foreign markets. This desire to keep their children with them is coming in the way of their growth as well the growth of the family business. These family bonds and relationships do not depend upon the fact if their children is living with them or not. Thus, they are now open in sending their children aboard. When*

they study abroad, they learn about those markets, they make networks there. All this helps the firm in internationalisation."

Thus, international experience helps these family firms in overcoming the liability of foreignness by allowing the firm to develop skills and knowledge that are needed while expanding abroad. Thus, all these large case firms agreed that international experience is imperative for family firms in order to internationalise smoothly in the foreign markets. The cut throat global competition has made it even more important to know well about the foreign market in which the firm is planning to internationalise. Thus, respondents mentioned that international experience is becoming more and more important while undertaking internationalisation decisions.

6.3.4.4. Board Education

The board of directors plays a crucial role in a firm's decision-making process and their decisions could affect the firm's survival. Upper-echelon Theory argues that firms' strategic choices and performance levels are to a large extent predicted by the education level of the top executives (Hambrick & Mason, 1984). The individual's level of education is considered as a reasonable measure of human capital (Barro & Lee, 2013; Bruderl at al., 1992). The education level of an individual reflects his intellectual competence. Respondents from all these case firms mentioned that an educated board is imperative in fostering the family firms' degree of internationalisation. This is because, family firms exhibit a risk-averse behaviour since their family wealth is tied up in the business. Thus, an educated board helps the family firms in making an informed decision with respect to internationalisation after analysing the external environment. For instance, respondent from case firm H mentioned,

"*One of the factors which is very important in understanding the dynamics of the foreign markets is the board education. Educated board members shall compensate for*

limited resources in family firms. They are able to better analyse the potential in the international markets, the foreign customers, etc. Only an educated board will be able to make right decisions. Thus, it becomes less risky for a family firm to internationalise if they have educated members on their board."

Similarly, respondent from case firm G mentioned,

"*Nowadays, we see that these large family firms majorly have board members who have obtained education from world's best universities. That help these firms in internationalising their operations. When board members have education from foreign universities, they understand foreign markets. They understand foreign laws better. Thus, these large family firms focus on recruiting educated board members who have international exposure*."

The top management team's level of education positively affects the market share and profitability of the organisation (Hambrick et al., 1996). High levels of board education also lead to a greater degree of international diversification. This is because highly educated top management teams are better informed about their external environment and are open to new ideas, changes, and investment opportunities (Herrmann & Datta, 2005). Thus, in all these large case firms, it was observed that educated board members help family firms in internationalising their operations abroad. Consequently, it is evident that board education plays a critical role in determining the internationalisation decisions of family firms.

6.3.4.5. Board Experience

Similar to board education, it was observed that board experience too plays a critical role in determining the internationalisation decisions of large family firms. Drawing on the resource-based perspective, it is observed that the board in the organisation is the major source of expertise and knowledge for a firm (Zahra & Filatotchev, 2004). The prior experience of the

board of directors influences the firm's strategic decisions (Haunschild & Beckman, 1998; Zhu & Chen, 2015). Experienced board members help in identifying and exploiting international opportunities, thus complementing the knowledge shortage associated with a family board chair (Dou et al., 2019). For instance, respondent from case firm L mentioned,

> "*In our family firm, the people running the board have prior internationalisation experience. So, it benefited the organisation a lot. Their prior knowledge with respect to internationalisation led to the smooth overseas expansion. Board members with prior international experience know people in the foreign market, they know authorities there, they have built a social network there. Consequently, they are aware about the market dynamics there*."

Similarly, respondent from case firm J mentioned,

> "*I believe, building a network of people is very important for the firm planning to internationalise its operations. Such network can be developed if the people who are running the business such as the board members have some international experience. The experienced board helps family businesses in developing networks with foreign partners, foreign government, etc. which helps in internationalisation*."

Thus, the experienced board helps in reducing the uncertainty of doing business in foreign markets by providing adequate expertise, resources, and skills. Consequently, an experienced board in family firms helps in compensating for the lack of family members' experience and expertise needed to enter foreign markets (Dou et al., 2019). As a result, an experienced board helps in achieving a higher degree of internationalisation in family firms.

6.4. Conceptual Framework

The above analysis yielded various factors that affect the internationalisation of small and large family firms. As discussed, family firms differ from their non-family counterparts due to their peculiar family characteristics such as their desire to maintain family control, preserve SEW and maintain emotional and social ties among family members. These characteristics stimulate the presence of "familiness" in family businesses, thus leading to different internationalisation process as compared to non-family firms. Consequently, the internationalisation strategies of family firms can be best understood at the intersection of family business-centric, international business and, firm level theoretical perspectives.

Thus, the researchers integrate the family business-centric, international business and, firm level theoretical perspectives discussed in Chapter 5 with the factors identified in the current chapter to present a holistic framework explaining the internationalisation of Indian family firms. The above analysis has led to the exploration of the factors that explain the internationalisation of small as well as large family firms. Since, the objective of the study is to understand the internationalisation of large family firms, the study takes those factors that play a key role in determining the internationalisation decisions of large family firms. Thus, based upon the results of the interview analysis, the study presents a holistic framework in *Figure 6.1*. The factors identified were classified into various themes. These are **Peculiar Family Characteristics** *(Family Control, Family Members' Involvement, SEW, Family Generation)*; **Business Group Related Factors** *(Age of the Business Group, Business Group Affiliation)*; **Organisational factors** *(Financial Resources, Quality of Human Resources, International Experience, Board Experience, Board Education)*.

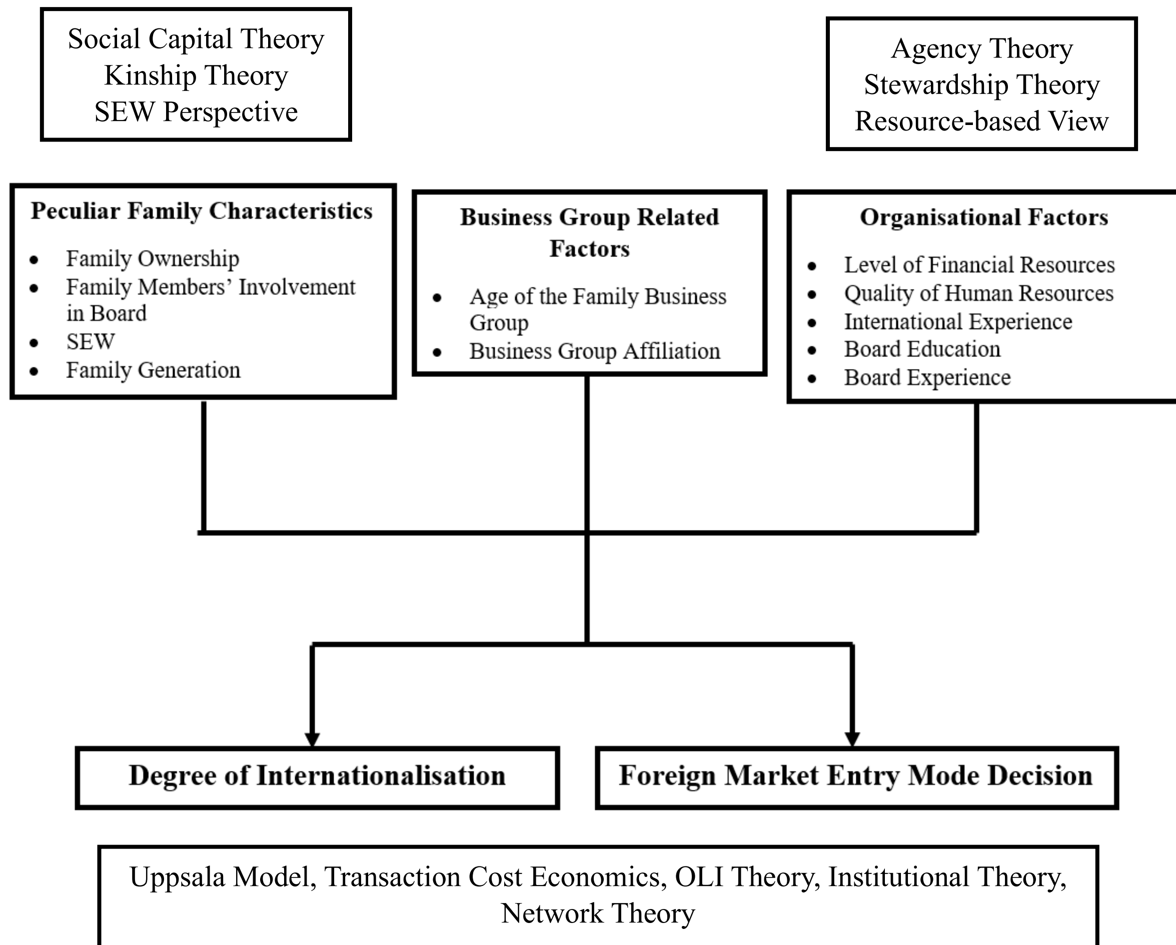


Figure 6.1: Conceptual Framework for Family Firms' Internationalisation

Thus, *Figure 6.1* presents holistic framework explaining the internationalisation of Indian family firms. These factors have been identified on the basis of the interview analysis of the directors and managers of large family firms. After exploration, the impact of these factors on the family firms' degree of internationalisation as well as foreign market entry mode decisions shall be tested in following chapters. The holistic framework integrates the three levels of analysis – family business level, international business level and organisation level. Such integration brings together the complementary perspectives and theories in explaining the internationalisation of family firms from emerging economies such as India. Family firms behave differently from non-family firms due to the presence of peculiar family characteristics. Consequently, a cross-level analysis becomes imperative in providing a deeper and holistic

understanding of how characteristics at various levels affect the internationalisation of family firms.

CHAPTER 7

HYPOTHESES DEVELOPMENT

7.1. Introduction

The holistic framework explaining the internationalisation of Indian family firms is presented in Chapter 6. The current chapter presents the review of literature for each of the variables in the conceptual framework and formulates hypotheses for family firms' degree of internationalisation as well as their foreign market entry mode choice.

7.2. Hypotheses Development

7.2.1. Family Ownership

In order to retain family control in the business, family owners invest a share of their wealth in the organisation. Agency theorists have argued that the risk-taking ability of the managers is influenced by their equity ownership in the organisation (Eisenhardt, 1989; Zajac & Westphal, 1994), wherein as the ownership in the firm increases, managers become more risk averse (Beatty & St Zajac, 1994; Denis et al., 1997). With the increase in family ownership, the proportion of their wealth infused in firms' operations also rises, thus making them highly risk averse (Bianco et al., 2013; George et al., 2005; Liu et al., 2011). Consequently, they are unwilling to undertake risky decisions like internationalisation.

It is argued that as family ownership in the organisation increases, family owners' ability to influence firms' strategic decisions also increases. When a large proportion of family wealth is tied up in the firm, family owners are more likely to cater to family values and family interests in its strategic decision-making (Bianco et al., 2013; George et al., 2005; Liu et al., 2011). Thus, besides economic wealth, family owners exhibit a greater preference to preserve their non-

economic wealth i.e., SEW. Family firms' priority is to ensure the firms' long-term survival, so as to successfully pass the firms' legacy to the subsequent generations (Evert et al., 2018). When the concentration of family ownership is high, they have the ultimate decision-making authority, thereby having the ability and willingness to take family-centric decisions, leading to the preservation of SEW, family name, and thus maintaining the firms' long-term legacy (Ray et al., 2018). Consequently, family firms are willing to forgo financially lucrative opportunities like internationalisation in order to preserve their SEW (Berrone et al., 2012; Gomez-Mejia et al., 2011). Due to the dread of losing years of accumulated socioemotional wealth (SEW), they refrain themselves from undertaking any risky activities (Liang et al., 2014). Thus, as family ownership in the organisation increases, their willingness to pursue risky activities like internationalisation decreases. Thus, it is hypothesised,

> ***H1a:*** *Family Ownership has a significant negative impact on family firms' degree of internationalisation*

Further, family firms' desire to keep family control and influence in the hands of the family members makes the acquisition a less preferred foreign market entry mode. This is because, acquisition might lead to significant SEW loss due to the changes in the organisational structure and the need to adapt to a new business environment setting (Koropp et al., 2014). Family firms are willing to share their control with their partners abroad only if they consider their contribution critical to internationalisation's success (Loehde et al., 2020). Although economically, acquisition could be more rational choice, it is found to be less preferred among family businesses since it requires sharing authority and control with the partner abroad (Pongelli et al., 2016). The loss of family control and internal conformity costs in acquisition leads to SEW losses, thus making WOS a preferred mode of foreign market entry (Boesllis et al., 2016; Pongelli et al., 2016; Yamanoi & Asaba, 2018). While acquisition involves greater benefits if successful, the loss of SEW is more certain due to the dilution of family control and changes in the traditional business model (Alessandri et al., 2018). Thus, it is hypothesised,

H1b. As Family Ownership in the firm increases, they exhibit a greater preference to enter foreign market via WOS than JV

7.2.2. Family Members' Involvement in Board

Family managers differ from non-family professional managers in terms of risk-bearing capacity, perception, motivation and management styles (Anderson & Reeb, 2004; Villalonga & Amit, 2006). Family firms ensure that the topmost positions in their organisation are occupied by the family members even if they are not capable of handling the responsibilities and duties of such positions (Claver et al., 2009). This is because, family managers are more concerned about protecting family interests as well as socioemotional wealth. Since a large proportion of family members' wealth being tied up in the firm, family managers exhibit a greater risk-averse behaviour like family owners (Gomez-Mejía et al., 2007). They are highly concerned with preserving their family wealth and thus will not consider any risky decision involving a threat to their family name (Jimenez et al., 2019). They believe that risky activities can bring potential threats to the family's welfare and status quo (Schulze et al., 2001). Thus, they exhibit an unwillingness in undertaking risky activities like internationalisation in order to ensure the longevity of the family "name" and preserve SEW for future generations (Anderson & Reeb, 2003).

It is observed that family managers often lack international experience, knowledge, cultural intelligence, and skills needed to undertake business in foreign markets (Okoroafo, 1999). Consequently, it becomes imperative to recruit external non-family professional managers who bring in the required expertise and knowledge indispensable for family firms' internationalisation (Claver et al., 2009). The existence and involvement of non-family managers in the family firms' operations, aids in fostering their international commitment because non-family managers often help in diminishing the family firms' risk-averse behaviour internationalisation (Claver et al., 2009). However, the presence of non-family managers cedes

family control over the decision-making process (Schulze et al., 2003). Consequently, it is seen as a threat to the foundation of SEW protection by family firms (Gomez-Mejía et al., 2007; Gómez-Mejia et al., 2010). Thus, in order to preserve family control, wealth, and influence in the business, they are highly unwilling in employing external resources to finance their internationalisation activities (Pongelli, Calabro, et al., 2019). Consequently, family-managed firms are characterised by lack of competence, skills, and resources which ultimately leads to a lower degree of internationalisation. Thus, it is hypothesised,

> ***H2a:*** *Family members' involvement has a significant negative impact on family firms' degree of internationalisation*

Further, as discussed, the involvement of family members in firms' board will ensure the fulfilment of family goals as the top most priority. Consequently, they would prefer to enter foreign markets via such modes which help in fulfilment of these family goals. WOS as the entry mode, will allow the family firms to preserve family control, family name and family wealth in the business, thus, it will lead to the fulfilment of the family goals. It is observed that the presence of non-family directors on the firm's board reduces the family firm's bias towards WOS entry mode. Non-family members help family firms to be able to better operate in international markets by expanding their strategic horizons (Mariotti *et al.*, 2021; Pongelli *et al.*, 2016). The presence of non-family owners fosters internationalisation in family firms by providing valuable resources (Dick *et al.*, 2017). These non-family members make performance goals and business consideration a primary concern and thus promote neutral decision-making in the family business (Pongelli *et al.*, 2016). Consequently, the presence of non-family members on firm's board encourages a family firm to enter foreign markets via most economical entry modes such as JV. Thus, it is hypothesised,

> ***H2b***. *As Family Members' involvement in the board increases, they exhibit a greater preference to enter foreign market via WOS than JV*

7.2.3. Socioemotional Wealth (SEW)

One of the factors that make internationalisation of family firms a complex phenomenon is the socioemotional wealth (SEW) that they accumulate over the years. The term SEW was first coined by (Gomez-Mejía et al., 2007) in the family business literature and was defined as "non-financial aspects of the firm that meet the family's affective needs, such as identity, the ability to exercise family influence, and the perpetuation of the family dynasty". While undertaking strategic decisions, family firms confront unique socioemotional "trade-offs" by weighing their potential economic gains and losses against potential SEW gains and losses (Chrisman et al., 2012; Kotlar & De Massis, 2013). SEW holds such supremacy in family firms that they are, in fact, willing to make decisions that are not driven by economic logic if at any point it threatens their socioemotional endowment (Berrone et al., 2012).

Family members' emotions, altruism and social capital affect the firms' decision-making, primarily because families seek to preserve SEW within the business (Gomez-Mejía et al., 2007). Various decisions in a family business such as business venturing, firm strategies, stakeholder relationships, management processes and corporate governance are affected by SEW (Gomez-Mejia et al., 2011). Thus, it is argued that SEW is set as the primary reference point while undertaking any strategic decision in a family firm (Berrone et al., 2012; Gomez-Mejia et al., 2011).

Internationalisation is perceived as a potential threat to SEW since it entails substantial changes in the form of increased risk, uncertainty and threats to family control (Arregle et al., 2017; Gómez-Mejia et al., 2010). The "dark side" of SEW (Kellermanns et al., 2012) often promotes self-serving behaviour in family firms wherein they put greater emphasis on family objectives and tend to fill employment positions based on family ties rather than competence (Kets de Vries, 1993). Expanding internationally necessitates the need for raising additional external

funding and employing managers outside their family networks, which poses a threat to SEW as it may result in the loss of family control (Jones et al., 2008). This makes family firms believe that the risk to SEW from internationalisation is not worth the reward. While internationalisation may lead to SEW gains if successful, the loss of SEW is more certain due to dilution of family control and changes in the traditional business model (Alessandri et al., 2018). Consequently, they refrain from taking risky decisions like internationalisation due to the dread of losing years of accumulated SEW (Gómez-Mejia et al., 2010; Liang et al., 2014; Tsao et al., 2018). Thus, it is hypothesised,

> ***H3a:*** *SEW has a significant negative impact on family firms' degree of internationalisation*

Further, due to the unique socioemotional trade-offs, family firms consider both economic as well as non-economic goals while undertaking their entry mode decisions. As mentioned above, acquisition might lead to significant SEW loss due to the changes in the organisational structure and the need to adapt to a new business environment setting (Koropp et al., 2014). It is evident, that in comparison to non-family firms, family firms do not prefer holding a joint venture with the foreign partner. Although foreign partners provide international market knowledge and experience, they provide this at the cost of firms' independence and decision-making authority to which family firms consistently give priority (Abdellatif et al., 2010). In family firms, emotional aspects play a greater role in shaping family firm's strategic goals since family and business boundaries are blur (Debellis et al., 2021). As a result, family members often underestimate the importance of accessing external knowledge due to their emotional attachment to the business (König et al., 2013a). Consequently, family firms exhibit lower willingness in gaining external knowledge by engaging in strategic alliances with the partners abroad (Debellis et al., 2021). Thus, in order to preserve their emotions, family bonds,

relationships, etc., family firms exhibit a greater preference to enter foreign market via WOS. Consequently, it is hypothesised,

> ***H3b***. *As family firms SEW increases, they exhibit a greater preference to enter foreign market via WOS than JV*

7.2.4. Family Generation

It is argued that family members across generations possess varied skills, experience, and expertise. Older generation family members render business with those skills which have evolved with their experience while the younger generation family members keep their organisation updated with the current opportunities, trends, and technology available at the marketplaces (Thiefels, 2019). Founding generation family members display greater attachment and commitment in preserving their SEW and family name to successfully hand it over to future generations. In contrast, the attachment with the family firm and interpersonal relationships tend to deteriorate as the firm reaches its subsequent generations. Consequently, family members tend to place greater emphasis on economic returns rather than preserving non-economic family assets like SEW (Fang et al., 2018). Thus, it is argued that the presence of multiple generations helps in balancing the fear and experiences of different generations family members.

Multigeneration in family firms aids in evolving and growing business operations. Different generations family members bring different perspectives and fresh insights which help in building the firm's capabilities (Habbershon et al., 2003; Millet & Le Breton-Miller, 2006). Multiple generations promote innovation and creativity in the organisation in comparison to a single generation (Sciascia et al., 2013). Further, knowledge and experiences differ across generations (Chirico et al., 2011) since different generations family members possess different expertise and educational background (Talke et al., 2011). Involvement of multiple generations in a family business leads to diversified skills and capabilities which helps in better

identification of internationalisation opportunities (Chirico et al., 2011). Thus, the existence of multiple generations fosters the family firms' internationalisation process, mainly because, the multiple-generation family members possess diverse knowledge and information, which is paramount for internationalisation (Dou et al., 2019).

Younger generation family members are characterised as having greater international markets knowledge and experience and greater willingness to assume more risk in order to capture the international opportunities (Dou et al., 2019). They have better external experience and upper-level education (Claver et al., 2007; Cruz & Nordqvist, 2012), thus possessing the capabilities which are lacking in the previous generation (Mitter et al., 2014). While, the founder generation is more concerned about the preservation of family wealth and enhancing their family name and reputation in the domestic market (Menéndez-Requejo, 2005). Thus, the presence of younger generation helps in dispelling the fear of the older generation in expanding abroad. With multiple generations working together, a shared bond of respect and trust is developed in the organisation which aids in minimising business tensions and taking the organisation to new heights (Thiefels, 2019). Consequently, internationalisation is intensified when the older generations' expertise and tacit knowledge are combined with the new ideas and knowledge of the incoming generation (Alayo et al., 2019). Thus, it is hypothesised,

> ***H4a:*** *The presence of multiple generation family members has a significant positive impact on family firms' degree of internationalisation*

Further, as mentioned, the presence of multiple generation family members helps in balancing the characteristics and behaviour of different generation family members. With respect to risk taking ability, the presence of younger generation helps in dispelling the fear of the older generation in expanding abroad. Further, the presence of multiple generation family members leads to accumulation of greater skills, knowledge, experience and expertise possessed by different generation family members. For instance, younger generation family members

possess better education from foreign universities while founding generation family members possess greater experience of doing the business. Thus, the combination of knowledge, experience and risk-taking ability of different generation family members allow family business to enter international markets via more committed entry modes. Consequently, the presence of multiple generation family members allows family businesses to enter foreign markets via WOS. Family members across generations possess diverse knowledge, skills, experience and risk-taking capability. Such diverse knowledge and experience help in compensating for the benefits of JV such as reduced liability and risks of newness and foreignness. Besides, WOS allows family firms to preserve their family control, family wealth and influence in the business. Thus, the presence of multiple generation family members exhibits a greater preference to enter foreign markets via WOS in comparison to JV. Thus, it is hypothesised,

> ***H4b.*** *As the presence of multiple generation family members in the firm increases, they exhibit a greater preference to enter foreign market via WOS than JV*

7.2.5. Age of the Family Business Group

It is argued that as the firm grows older, the cost of engaging in international business operations is mitigated since they acquire resources over time which helps them in building capabilities and positional advantage (D'Angelo et al., 2013). The process of building dedicated resources and accumulation of resources is time-consuming. Consequently, RBV argues that such superior stock of resources accumulated over time helps the firm in dealing with the uncertainties associated with internationalisation (Westhead et al., 2001). Further, failure rates tend to decrease as firms grow older since reliability and accountability tend to increase with age (Hannan & Freeman, 1984). Younger firms are more likely to fail because they are required to divert their scarce resources to develop internal routines, train employees and develop credible exchange relationships (Carroll, 1983). Thus, one school of thought

argues that experience-based organisational learning developed with age helps the firm in internationalising its operations.

However, it is also observed that as the firm grows older, organisational routines are difficult to change or unlearn since "contemporary traps" and structural inertia develop with time (D'Angelo et al., 2013). Older firms become unresponsive and inefficient to the changes in the external environment. Thus, failure rates are expected to increase as firms grow old (Henderson, 1999). Consequently, as organisational rigidities develop and managerial routines are established, the firm's flexibility or openness to new knowledge diminishes which negatively affects its internationalisation (D'Angelo et al., 2013; Henderson, 1999; Sorensen & Stuart, 2000).

Further, the age of the family business group can also be associated with the caste system in India. In the early eighteenth century, India was deep-rooted in the caste-based social system that defined the occupational choices of the communities. In Indian family businesses, every caste has its own dominant beliefs and culture which gets reflected in its organisation (Sinha, 2021). It was contended that an enterprise would not succeed without the support of a community. In Indian business history, the old merchant communities are the Gujarati Banias/Jains, Marwaris and other non-Gujarati Banias/Jains, Parsis, Nattukottai Chettiars, and the Lohanas and Bhatias of Kutch-Kathiawar-Sindh belt. These were the dominant Indian communities that promoted the economic development of India through industrialisation (Roy, 2014). It was observed that industrialisation was majorly promoted by entrepreneurs of these high castes because they were able to overcome their failures due to the support of caste groupings. Thus, entrepreneurial growth and success were guided by the caste system in India. Consequently, business groups belonging to lower castes faced challenges in expanding their operations in domestic as well as international markets (Shivani et al., 2006). Thus, the internationalisation in old family business houses was limited to only a few dominant castes in

India. Consequently, the caste system acted as a hindrance in the internationalisation of old-age family business houses. Thus, the direction of the hypothesis is difficult to determine in this case, hence, it is hypothesised,

> ***H5a.*** *Age of the family business group has a significant impact on family firms' degree of internationalisation*

Further, as mentioned, it is argued that as the firm grows older, the cost of engaging in international business operations is mitigated since they acquire resources over time which helps them in building capabilities and positional advantage (D'Angelo et al., 2013). The accumulation of such pool of resources over time also helps in dealing with uncertainties associated with foreign markets (Westhead et al., 2001). Thus, older firms are able to enter foreign markets via more committed entry modes such WOS in comparison to JV. As discussed, family firms anyway exhibit a greater preference for WOS since it allows them to retain their family control and family wealth in the business. Thus, older family firms exhibit strong preference to enter international markets via WOS since they accumulated experience and resources needed to deal with the complexities associated with foreign markets. Such accumulated experience, expertise and resources help to compensate for the benefits of JV such as reduced liability and risks of newness and foreignness. Further, Older family business groups are able to develop strong family name and reputation in the market. Consequently, they are able to attract and accumulate a greater pool of financial and human resources because organisations and people prefer to work with a trusted family name in the market. The pool of such experienced and talented human resources is able to better understand the behaviour of the international markets which ultimately helps in entering foreign markets via more resource committed entry modes such as WOS. Thus, it is hypothesised,

> ***H5b.*** *As the age of the family business group increases, they exhibit a greater preference to enter foreign market via WOS than JV*

7.2.6. Business Group Affiliation

Business groups are defined as an organisation of formally independent firms that share common financial and administrative control. Group affiliation entails several benefits to firms such as easy access to capital and, labour and product markets (Khanna & Rivkin, 2001). Consequently, in the event of the absence of efficient external markets, group affiliates provide an efficient way to transact internally (Guillen, 2000). Business group affiliations are specifically advantageous for emerging market firms wherein it helps them in overcoming and reducing the costs associated with operating in a weak institutional environment (Hoskisson et al., 2004). Such affiliation helps these firms in assisting each other in the allocation of capital, product, and human resources (Khanna & Palepu, 1997).

Business group affiliation facilitates internationalisation since they act as the coping mechanisms for some of the liabilities that the firms face such as resource limitations (Elango, 2009), outsidership (Johanson & Vahlne, 2009), and foreignness (Sethi & Guisinger, 2002). In the event of internationalisation, group affiliations provide access to the network connections embedded within the interfirm network as well as access to foreign market knowledge (Lamin, 2017). Consequently, access to such a portfolio of heterogeneous resources helps the firms in overcoming the liabilities of foreignness and newness associated with international markets (Manikandan & Ramachandran, 2015). Affiliated firms learn from the previous experiences and current activities of other affiliates which also assist them in internationalising their operations (Elango, 2009). Business group affiliation also helps firms in strengthening their position in foreign markets by gaining access to the relevant networks in these markets (Elango & Pattnaik, 2007). Thus, group affiliation helps these firms to internationalise their operations by allowing them to tap upon the connections and knowledge of other affiliated firms and reduce their resource-related internationalisation barriers (Eduardsen et al., 2022).

Further, business group affiliation helps in enhancing the reputation of the affiliated firm, thus helping in building legitimacy in foreign markets (Khanna & Rivkin, 2001). Since, external stakeholders use reputation as an important signal to evaluate firms, lack of reputation is likely to hinder internationalisation (Mukherjee et al., 2018). Thus, firms can exploit and capitalise on the reputation of their affiliated firms which helps in shaping the perception of the foreign stakeholders that it is trustworthy and competent (Lamin, 2017). Thus, business group affiliations help firms in establishing their reputation faster and more widely than would otherwise be possible (Lamin, 2017) which in turn fosters their degree of internationalisation. Thus, it is hypothesised,

> ***H6a.*** *Business group affiliation has a significant positive impact on family firms' degree of internationalisation*

Further, as mentioned, group affiliations provide access to the network connections embedded within the interfirm network as well as access to foreign market knowledge (Lamin, 2017). Consequently, access to such a portfolio of heterogeneous resources helps the firms in overcoming the liabilities of foreignness and newness associated with international markets (Manikandan & Ramachandran, 2015). Thus, family businesses which are affiliated to a business group will be able to enter international markets via resource-committed entry mode such as WOS. As mentioned above, family businesses majorly exhibit a greater preference for WOS since it allows them to retain their 'familiness' in the business. JV partners provide family firms with international market knowledge but at the cost of firms' independence and decision-making authority to which family firms consistently give priority (Abdellatif et al., 2010). In family firms, emotional aspects play a greater role wherein family members' emotions, family bonds and relationship, family values, etc. shape the strategic decision-making of the firm. JVs do not allow family firms to preserve these emotions, relationships and bonds in the family business. Business group affiliation helps family firms to enter foreign markets via WOS by

providing much needed foreign market networks, experience, resources, etc. Thus, it is hypothesised,

> ***H6b.*** *Business group affiliated family firms will exhibit a greater preference to enter foreign market via WOS than JV*

7.2.7. Level of Financial Resources

Family members are reluctant to undertake risks due to their desire to ensure the long-term survival and continuity of their family firm. Family firms intend to exercise tight control over the firms' management activities (Mitter et al., 2014). Thus, due to the fear of losing family control, they are reluctant to raise fresh external capital and exhibit greater dependency on funds generated internally for financing international expansion (Graves & Thomas, 2008). Even the financial structure reflects the family firms' fear of losing family control. It is observed that family firms do not raise equity from sources other than family and do not compensate their limited financial resources through loans (Gallo et al., 2004). Thus, their desire to monitor firms' operations result in risk-averse behaviour which is indicated by lower debt levels (González et al., 2013). Hence, they majorly rely on internal funds which are generally not sufficient to finance international operations (Claver et al., 2009). As a result, family firms often lack the financial resources needed for internationalisation (Mitter et al., 2014). Thus, financial constraint, which is caused due to the risk-averse nature of family firms, is one of the major reasons posing challenges for family firms to expand internationally.

> ***H7a.*** *Lower degree of risk-taking ability in family firms (indicated by low debt-equity ratio) has a significant negative impact on family firms' degree of internationalisation*

As discussed, family firms' desire to monitor firms' operations result in risk-averse behaviour which is indicated by lower debt levels (González et al., 2013). Hence, they majorly rely on internal funds which are generally not sufficient to finance international operations (Claver et al., 2009). Family businesses that do not hesitate in diluting their family ownership exhibit a

greater risk-taking ability. This is because, when less amount of family funds is tied up in the business, family businesses exhibit greater risk-taking ability since their family wealth is not at stake. Consequently, they will be dependent on external debt and equity while expanding their operations abroad. Thus, family businesses that exhibit a greater risk-taking ability and do not hesitate in employing external funds will be able to enter international markets via more resource committed entry mode such as WOS. External funding not only increases the risk-taking ability of the family business but also provide the much-needed financial resources for international expansion. Thus, it is hypothesised,

> ***H7b.** As the degree of risk-taking ability in family firms increases (indicated by high debt-equity ratio), they exhibit a greater preference to enter foreign market via WOS than JV*

7.2.8. Quality of Human Resources

It is argued that as family firms continue to grow, they reach a juncture where the knowledge and expertise of family members are not enough to support the growth activities (Daily et al., 2003; Jaskiewicz et al., 2005). At such a juncture, it becomes imperative that family firms must employ qualified human resources who are able to manage family firms in a more complex environment (Zahra & Filatotchev, 2004; Zhang & Ma, 2009). However, it is observed that in order to ensure that family firms' decision-making authority is in the hands of family members only, family firms exhibit high resistance in employing outside professionals possessing greater degrees of host country experience and knowledge (Jimenez et al., 2019). Family firms exhibit greater sensitivity and attachment towards the firm and the family members. Thus, they often neglect the hiring of external professional managers as it may lead to a possible dispute between family and non-family members (Majocchi et al., 2018). Consequently, family firms face deficiency with respect to the external knowledge, expertise, and experience of the non-family external members, thus all their internationalisation decisions are biased, favouring the demands of family members and preservation of family wealth (Arregle et al., 2019).

The expertise and knowledge of human resources are critical for the successful internationalisation of family firms. The existence and involvement of non-family managers in the family firms' operations, aids in fostering their international commitment. They often help in diminishing the family firms' risk-averse behaviour and bring in the required expertise and knowledge indispensable for family firms' internationalisation (Claver et al., 2009). These non-family members make performance goals and business considerations a primary concern and thus promote neutral decision-making in the family business (Pongelli, Calabro, et al., 2019). Family's capital often does not suffice to support their internationalisation activities, hence external members enrich the resource pool of family firms. Non-family professional members provide valuable expertise, technology, and resources that are significant to the family businesses while entering the international market (Dick et al., 2017; Fernandez & Nieto, 2005). Such distinct and inimitable knowledge-based resources, experiences, and network ties foster the pace of family firms' internationalisation (Calabrò et al., 2017). Thus, it is hypothesised,

> ***H8a:*** *Quality of human resources has a significant positive impact on family firms' degree of internationalisation*

As mentioned, these non-family members make performance goals and business considerations a primary concern and thus promote neutral decision-making in the family business (Pongelli, Calabro, et al., 2019). Talented external human resources provide valuable expertise, technology, and resources (Dick et al., 2017; Fernandez & Nieto, 2005) which help family firms to enter foreign markets via resource committed entry modes such as WOS. Such expertise and experience of human resources help family firms in better understanding the complexities of the international market which helps in reducing the liability of foreignness. Consequently, it helps in compensating for the benefits provided by the JV partner in terms of

foreign market knowledge, network access, etc. Thus, qualified human resources allow family firms to enter foreign market via their preferable entry mode i.e., WOS. Thus, it is hypothesised,

> ***H8b.*** *As the quality of human resources in the family firms increases, they exhibit a greater preference to enter foreign market via WOS than JV*

7.2.9. Family Firms' International Experience

International experience is referred to as "experience that firms accrue from operating internationally" (Clarke et al., 2013). Knowledge created through prior international experience is considered as a critical intangible asset while expanding operations abroad (Y. Fang et al., 2007; Peng, 2001). International experience helps in overcoming the liability of foreignness by allowing the firm to develop skills and knowledge that are needed while expanding abroad (Barkema et al., 1996). International experience creates experiential learning which facilitates the rapid internationalisation of organisations (Mohr & Batsakis, 2014). International experience helps organisations to gradually obtain local knowledge about host country which makes them familiar with local government rules, norms and values (Gao & Pan, 2010).

In the context of family firms, it is argued that the lack of international experience can bring even more challenges for family firms. This is because, a lot of family wealth is tied up in the business which results in limited liquidity in family firms (Anderson & Reeb, 2003). Consequently, firm-specific risks affect family firms more severely than firms with diversified shareholdings (Maug, 1998). Thus, family firms are less tolerant of risks and shy away from risky investments (Anderson & Reeb, 2004). Further, family firms exhibit a greater desire to preserve SEW and "familiness" by handing over the business to their offspring (Beckhard & Dyer, 1983). Consequently, they refrain from recruiting external professional managers who bring required knowledge, experience and expertise needed in expanding abroad. Thus,

international experience becomes more important for family firms in order to compensate for limited financial and human resources while internationalising. Thus, it is hypothesised,

> ***H9a:*** *International Experience has a significant positive impact on family firms' degree of internationalisation*

Further, international experience helps in overcoming the liability of foreignness by allowing the firm to develop skills and knowledge that are needed while expanding abroad (Barkema et al., 1996). In the context of family firms, it is argued that the lack of international experience can bring even more challenges for family firms. This is because, a lot of family wealth is tied up in the business which results in limited liquidity in family firms (Anderson & Reeb, 2003). Consequently, firm-specific risks affect family firms more severely than firms with diversified shareholdings (Maug, 1998). Thus, family firms are less tolerant of risks and shy away from risky investments (Anderson & Reeb, 2004).

Prior international experience in the foreign market affects the entry mode choices, however, such effect is different across family firms and non-family firms (Boellis *et al.*, 2016; Kuo *et al.*, 2012). While entering the foreign markets, inexperienced firms exhibit a greater tendency to choose JV over WOS. However, the impact is stronger for family businesses, wherein inexperienced family firms are more likely to choose JV over WOS, in comparison to inexperienced non-family firms (Kuo et al., 2012). This is because firm-specific risks impact family shareholders more severely than any other type of investors due to their limited liquidity (Anderson & Reeb, 2004). However, at the same time, when firms gain international experience, the preference for WOS is stronger in family firms in comparison to experienced non-family firms. This is because, family firms' desire to preserve their SEW as well as family control makes them more willing to choose WOS over JV, in comparison to non-family firms (Kuo *et al.*, 2012).

H9b. *As the family firms' international experience increases, they exhibit a greater preference to enter foreign market via WOS than JV*

7.2.10. Board Experience in Family Firms

Drawing on the resource-based perspective, it is observed that the board in the organisation is the major source of expertise and knowledge for a firm (Zahra & Filatotchev, 2004). The prior experience of the board of directors influences the firm's strategic decisions (Haunschild & Beckman, 1998; Zhu & Chen, 2015). Thus, it is reasonable to assume that board experience shall affect the firm's internationalisation decisions. Experienced board members help in identifying and exploiting international opportunities, thus complementing the knowledge shortage associated with a family board chair (Dou et al., 2019). Further, foreign markets are characterised by uncertainty and complexity (Sanders & Carpenter, 2017). The Experienced board helps in reducing the uncertainty of doing business in foreign markets by providing adequate expertise, resources, and skills. Thus, an experienced board in family firms helps in compensating for the lack of family members' experience and expertise needed to enter foreign markets (Dou et al., 2019). Consequently, an experienced board helps in achieving a higher degree of internationalisation in family firms. Thus, it is hypothesised,

H10a: *Board Experience has a significant positive impact on family firms' degree of internationalisation*

Further, there is dearth of literature that examine the relationship between board experience and family firms' foreign market entry mode choice. Thus, it becomes imperative to understand this relationship. The results of the interview analysis revealed that internationalisation decisions in large family firms involves a greater presence of board of directors. The experienced board is aware about the dynamics in the foreign markets. Thus, the experienced board helps in minimising the risk-averse behaviour of family firms by reducing the liability of foreignness in the international market. Consequently, family firms may be willing to

commit greater resources in the foreign market by entering via WOS in comparison to JV. Further, the board having the prior experience in the international market possess greater knowledge and strong networks in such markets. The prior experience helps them in developing network ties with authorities, suppliers and other stakeholders in the value chain in foreign market. Consequently, it reduces the need to take the help of a JV partner to enter foreign markets. Thus, family firms will be able to enter foreign markets via WOS and hence would retain their family control. Thus, it is hypothesised,

> ***H10b.*** *As the family firms' board experience increases, they exhibit a greater preference to enter foreign market via WOS than JV*

7.2.11. Board Education in Family Firms

The board of directors plays a crucial role in a firm's decision-making process and their decisions could affect the firm's survival. Upper-echelon Theory argues that firms' strategic choices and performance levels are to a large extent predicted by the education level of the top executives (Hambrick & Mason, 1984). The individual's level of education is considered as a reasonable measure of human capital (Barro & Lee, 2013; Bruderl et al., 1992). The education level of an individual reflects his intellectual competence. High levels of education are associated with (i) a greater capacity for information processing and the ability to discriminate among a variety of stimuli (Schroder et al., 1967), (ii) a greater ability for integrative complexity, toleration of ambiguity, and boundary spanning (Dollinger, 1984), (iii) receptivity to innovation (Kimberly & Evanisko, 1981). It is also observed that a team possessing higher levels of education is able to generate creative solutions to complex problems (Bantel & Jackson, 1989). The top management team's level of education positively affects the market share and profitability of the organisation (Hambrick et al., 1996). High levels of board education also lead to a greater degree of international diversification. This is because highly

educated top management teams are better informed about their external environment and are open to new ideas, changes, and investment opportunities (Herrmann & Datta, 2005).

In the context of family firms, there is a dearth of literature exploring the impact of board education on their degree of internationalisation. There are some studies examining the impact of CEO educational level on family firms' degree of internationalisation, wherein it is observed that when the level of experience and educational qualification been possessed by the CEO is high, the propensity of their international expansion would also be high. This is because, experienced and educated CEOs are able to anticipate the risks arising from internationalisation activities and thus are able to manage them well in advance (Casillas & Acedo, 2005; Ramon-Llorens et al., 2017). It is argued that educated top executives are better able to read, analyse and understand foreign markets dynamics, institutions, laws, and policies, thus promoting the family firms' degree of internationalisation (Davis & Harveston, 2000). Since, the board of directors plays a critical role in influencing the decision-making in family firms, it becomes imperative to examine the impact of board education on family firms' degree of internationalisation. Thus, based on the above arguments, it is hypothesised,

> ***H11a:*** *Board Education has a significant positive impact on family firms' degree of internationalisation*

Again, there is dearth of literature that explore the role of board education in family firms' foreign market entry mode decisions. However, the interview analysis revealed that board education plays a critical role in determining the internationalisation strategies of family firms. Board members who have pursued education from foreign universities are better able to understand international markets and customers. Again, it reduces the need of a JV partner to upskill a family firm about the dynamics of the foreign market. Educated board is better able to read, analyse and understand foreign markets dynamics, institutions, laws, and policies, thereby reducing the risk of newness and foreignness. Thus, educated board allows family firms

to enter foreign markets via riskier and resource-committed entry mode such as WOS. Consequently, it is hypothesised,

> ***H11b.*** *As the family firms' board education increases, they exhibit a greater preference to enter foreign market via WOS than JV*

Table 7.1 summarises the expected signs of these hypotheses with family firms' degree of internationalisation and their foreign market entry mode choice.

Table 7.1: Expected Signs of Hypotheses

Independent Variable	**Expected Sign for Family Firms' Degree of Internationalisation**	**Expected Sign for Family Firms' Foreign Market Entry Mode Choice *(JV is taken as the reference category)***
Peculiar Family Characteristics		
Family Ownership	(-)	(+)
Family Members' Involvement in Board	(-)	(+)
Socioemotional Wealth (SEW)	(-)	(+)
Family Generation	(+)	(+)
Business Group Related Factors		
Age of the Family Business Group	(+)/(-)	(+)
Business Group Affiliation	(+)	(+)
Organisational Factors		
Level of Financial Resources	(+)	(+)
Quality of Human Resources	(+)	(+)
Family Firms' International Experience	(+)	(+)
Board Experience in Family Firms	(+)	(+)
Board Education in Family Firms	(+)	(+)

CHAPTER 8

DATA AND METHODOLOGY

8.1. Introduction

The present chapter on data and methodology focuses upon the techniques of data collection and analysis for conducting the research. The chapter begins by describing the sample adopted for the study. It is followed by discussing the data collection method for various variables employed in the study. The study has adopted mixed method approach to collect data on the variables, wherein, data for some variables is collected through quantitative method while other variables are constructed through qualitative method. Finally, the chapter discusses the data analysis technique that has been adopted to analyse the impact of various factors on a) family firms' degree of internationalisation, and b) their foreign market entry mode choice.

8.2. Sample

In order to select the sample, the firms listed in BSE 500 Index was extracted from the BSE website. Established in 1875, Bombay Stock Exchange (BSE) is Asia's first stock exchange and India's first listed stock exchange with around 5,000 listed companies. By providing an efficient capital-raising platform, BSE has facilitated the growth of the Indian corporate sector over the past 146 years. BSE 500 Index represents 93% of the total market capitalisation of firms listed on the BSE.

The study is conducted on a sample of Indian family firms because globally, India stands at the third position in terms of the number of family-owned businesses (Credit Suisse Research Institute, 2018). Globally, out of the top 50 profitable family-owned businesses, 24 belong to Asia and in Asia, among the top 30 premier family-owned firms, more than 15 belong to India (Credit Suisse Research Institute, 2018). Also, 73% of the top 500 firms listed on BSE are

recognised as family firms (Nanda & Srivastava, 2012), contributing a total of 66% to the country's GDP thus, making their survival critical for the nation's stability (Tharawat Magazine, 2014). In India, the strong overlap between the family and the business system shapes the firms' strategic choices. Further, with respect to investments abroad, it is observed that outward FDI from South Asia, mainly from India, rose by 43 percent to $16 billion (World Investment Report, 2022). With the liberalisation of overseas investment policies, FDI outflows from India have increased in recent decades. FDI outflows from India have risen from $2 billion in 2004 to $15 billion in 2021, constituting around 1% of the global flows (Gopalakrishnan et al., 2022). Thus, in recent years, Indian firms have been realising the importance of marking their presence in the global market in order to tap the opportunities.

In order to select the sample, first 61 Indian subsidiaries of foreign MNEs and 66 state-owned enterprises from BSE 500 firms were removed, since the objective was to study the internationalisation of only Indian family firms. In order to avoid measurement complications, 66 financial services industry firms were excluded because they are governed by very different regulations for OFDI and follow different accounting standards. From the remaining 307 companies, family firms were identified following the definition given by Ray et al. (2018) as- "*if the founding family has a stake of 20% or more in the firm and either of the following two criteria are met: (a) a member of the founding family is on the board of the firm and/or (b) a member of the founding family is the chairperson of the board, managing director, or CEO*". Following this definition, the researchers identified 252 family firms. Due to the unavailability of data, the final sample included 88 Indian family firms.

8.3. Data Collection

The study employs a mixed methodology for data collection wherein, the data for some variables were collected through the quantitative method while for others it was collected

through the qualitative method. The mixed method approach was adopted to capitalise on the strength of both qualitative and quantitative approaches. The data for certain variables – family ownership, age of the family business group, business group affiliation, level of financial resources, and quality of human resources, were readily available in the Prowess database, hence quantitative method was adopted to collect data on these variables. Various researchers in the past (Chittoor et al., 2015; Gubbi et al., 2015; Khanna & Rivkin, 2001) have used the Prowess database for collecting data on Indian firms which is an electronic database from the Centre for Monitoring the Indian Economy (CMIE).

The data for certain variables – family members' involvement in the board, SEW, family generation, international experience, board education, and board experience, were not available in any database. Consequently, the researcher created the data for these variables using the qualitative approach. Thus, the qualitative method aided in measuring those variables which are otherwise difficult to capture, particularly peculiar family characteristics. The data for these variables were created for each of the sample firm by collecting data from company websites, RBI reports and annual reports. These variables are discussed in the next section.

8.3.1. Description of Variables

I. Independent Variables

i. Peculiar Family Characteristics

a. Family Ownership

Family ownership is measured as the percentage of shares held by the members of the family in the firm. Data for family ownership is taken from the shareholding pattern of the firms available on the Bombay Stock Exchange (BSE) website, and is also validated from Prowess database.

b. Family Members' Involvement in Board

The extent of family members' involvement in board is measured as the ratio of family members to total members on the firms' board. The data for this variable was not readily available in any database. Hence, the data for family members' involvement in board was created using the qualitative approach. The data was created individually for each sample firm from the company website and annual reports. The data for board size and the number of family members on firms' board was collected from the company website and annual reports and the ratio was computed.

c. Socioemotional Wealth (SEW)

Content Analysis Method. The data for SEW was created through the content analysis of the Chairman's message in the annual reports. Berrone et al. (2012) in their paper on the exploration of SEW measurement scale (FIBER) suggested content analysis as a potential technique to capture the FIBER dimensions of SEW. Content analysis allows the study of beliefs and perceptions (D'Aveni & MacMillan) that are otherwise difficult to study by other means. As defined by (Krippendorff, 2004), content analysis is "a research technique for making replicable and valid inferences from texts (or other meaningful matter) to the contexts of their use". Since, SEW is "anchored at a deep psychological level among family owners" (Berrone et al., 2010), the content analysis seems to be an appropriate approach for measuring SEW (Berrone et al., 2012). For capturing managerial cognition, content analysis is considered to be a less obstructive technique than interviews (Phillips, 1994). Hence, it is believed to be a useful technique for collecting the otherwise unavailable data (Kabanoff *et al.*, 1995).

Following Cleary et al. (2019), Chairman/Chairperson's Statement/Message is used as the data source for measuring SEW. They advocated that in the case of family firms, Chairman's Statement is more likely to convey opinions of the family, hence it is suitable to capture the FIBER dimensions of SEW from such statements. Chairman's Statement includes information with respect to the company's overall performance, its achievements, its future plans and

strategies, and notes to special events (Stittle, 2003). In a family business, it is often observed that the Chairman is a family member only. Hence, in their message to stakeholders, they do mention about their family succession planning, the demise of a family member running the business, family legacy deeply rooted in the family business, their emotional ties, etc. Hence, there are sufficient grounds to use the Chairman's Statement as the data source for capturing various dimensions of SEW (FIBER).

In the content analysis, the Chairman’s Statement is the sampling unit and the individual paragraph is the unit of analysis (Krippendorff, 1980; Moreno & Camara, 2014). While coding each paragraph, the researchers adopted a deductive approach since they drew from the predetermined subject (Berg, 2001) i.e., the FIBER dimensions of SEW proposed by (Berrone et al., 2012). Each paragraph of the Chairman’s Statement was coded based on these dimensions (FIBER). The coding scheme was developed based on these FIBER dimensions since it captures the multidimensionality of the SEW construct and it is supported by extant literature (Arzubiaga et al., 2021; Cleary et al., 2019; Swab et al., 2020). Each paragraph of the Chairman’s Statements was coded along these FIBER dimensions from 1-5 *(respectively)*. The description of each of these FIBER dimensions is presented in *Table 8.1*.

Table 8.1: Description of FIBER Dimensions

Dimension	**Description**
F - *F*amily Control and Influence	The family members’ direct and indirect control and influence over the affairs of the family firm
I - Family Members’ *I*dentification with the Firm	Family members’ sense of belongingness to the family business. The identity of the family members is tied in the family firm that usually carries the family’s name
B - *B*inding Social Ties	The social relationships and kin ties among family members, with nonfamily employees and with community at large
E - *E*motional Attachment of Family Members	The emotions and sentiments among the family members such as tenderness, warmth, consolation, disappointment, etc. which affects the decision-making process in a family business
R - *R*enewal of Family Bonds to the Firm through Dynastic Succession	The intention to pass the family business to the future generations in order to carry the family’ heritage and tradition

Source: Berrone et al. (2012)

Paragraphs highlighting "F (*F*amily Control and Influence)", dimension were coded as 1, paragraphs with "I (Family Members' *I*dentification with the Firm)" dimension were coded as 2, "B (*B*inding Social Ties)" as 3, "E (*E*motional Attachment)" as 4 and "R (*R*enewal of Family Bonds to the Firm through Dynastic Succession)" as 5. Paragraphs which did not relate to any of these FIBER dimensions were coded 0 and were excluded from the analysis. Also, multiple codes were assigned to the paragraphs if they referred to more than one dimension. Finally, for measuring SEW, quantitative content analysis technique was adopted wherein the analysis of the textual data is represented in the form of frequency expressed as a percentage or actual numbers of key categories (Krippendorff, 2004). Thus, for calculating SEW for each of the companies, the number of paragraphs coded was expressed as the percentage of the total number of paragraphs in the Chairman's message.

In order to ensure the reliability of the coding procedure, the two researchers independently pilot-tested five statements of each of the four companies and reported results based on the consensus achieved (Burnard, 1991; Graneheim & Lundman, 2004). Although the researchers referred to the coding scheme adopted by Cleary *et al.* (2019), certain modifications were done in some dimensions, particularly in the "R" and "E" dimensions based upon the results of pilot testing. Firstly, when the Chairman referred to the long-term orientation of the family business, the researchers coded under the "R" dimension since family business continuation is an important item under the "R" dimension as proposed by Berrone *et al.* (2012). Next, when the Chairman mentioned about the death of a family member, the resaerchers coded it under the "E" dimension rather than "I" or "B" dimension which is done by Cleary *et al.* (2019), since it represents the emotional ties and bonds between the family members which is an important item of "E" dimension as proposed by Berrone *et al.* (2012). After incorporating these measures, the two researchers undertook the second round of independent test coding of five statements of each of the four companies, wherein the intercoder reliability between the two

researchers was found to be 90%, assuring the reliability of the coding process. The researchers then proceeded to code all the Chairman's Statements of each company.

d. Family Generation

The variable family generation is measured in terms of the number of family generations ruling the firm's board. It is represented as a categorical variable where "1" stands for multiple generation family members involved in firm's board and "0" stands for single generation family members involved in firm's board. The data for this variable was not readily available in any database. Hence, the data for family generation was created using the qualitative approach. The data was created individually for each sample firm from company website and annual reports.

ii. Business Group-related Factors

a. Age of the Family Business Group

Age of the family business group is measured as the number of years the family business group has been in existence. The data for this variable was collected directly from the prowess database.

b. Business Group Affiliation

Business group affiliation is taken as a categorical variable where "1" stands for "if a family business is affiliated to a business group" and "0" stands for "if a family business is not affiliated to a business group". The data for this variable was collected from the prowess database.

iii. Organisational Factors

a. Family Firms' Risk-taking Ability

Family firms' risk-taking ability is measured by the debt-equity ratio. Family firms exhibit a greater desire to monitor firms' operations which result in their risk-averse behaviour which is indicated by lower debt levels (González et al., 2013). Thus, due to the fear of losing family control, family firms do not raise equity from sources other than family and do not compensate

their limited financial resources through loans (Gallo et al., 2004). Thus, debt-equity ratio helps in capturing the risk-taking ability of family firms. The data for family firms' debt-equity ratio is taken from Prowess database.

b. Quality of Human Resources

Quality of human resources is measured by the level of salaries and wages paid to the employees in the organisation. The level of employee's salaries determines their contribution, knowledge, experience and expertise with respect to the job position. The data for employee's salaries and wages was taken from Prowess database.

c. Family Firms' International Experience

The data for family firms' international experience was not available in any database. Thus, the data for this variable was created individually for each sample firm from RBI monthly reports. At first, the following was counted for each of the sample firm – number of foreign countries in which the firm has experience (breadth of internationalisation), number of years for which the family firms are present in foreign countries (depth of internationalisation) and the number of foreign subsidiaries that a family firm has. Finally, the data for international experience was created through the Principal Component Analysis (PCA) using the above-mentioned three components – Breadth of Internationalisation (*Number of foreign countries in which the firm has subsidiaries*), Depth of Internationalisation (*Number of years for which the family firm is present in foreign countries*), and number of foreign subsidiaries that a family firm has.

d. Board Experience in Family Firms

The data for board experience in family firms was not available in any database. Thus, the data for this variable was created individually for each of the sample firm from company websites and annual reports. At first, the total number years for which the members had been on firm's board was computed. Then, board experience was computed as the ratio of total number of years on board of the members to the total number of board members.

e. Board Education in Family Firms

The data for board education was not readily available in any database. Thus, the data for this variable was created individually for each of the sample firm from company websites and annual reports. At first, the researchers captured the highest educational degree of each of the board member of each of the sample family firm. The highest educational degree of these board members was then coded as – "1" for Senior Secondary, "2" for Under Graduation, "3" for Post Graduation and "4" for PhD. These scores were added and divided with the total number of board members in firm in order to compute board education for each sample firm.

II. Dependent Variables

a. Family Firms' Degree of Internationalisation

Family firms' degree of internationalisation takes into account the degree to which family firms are internationalising their operations abroad. Family firms' degree of internationalisation was measured by the level of their Outward Foreign Direct Investment (OFDI). OFDI as a measure of a firm's degree of internationalisation has been used in the past by various researchers (Ray et al., 2018; Tripathi & Thukral, 2018). The data for OFDI was collected from Reserve Bank of India (RBI) monthly reports on "Data on Overseas Investment".

b. Family Firms' Foreign Market Entry Mode Choice

Foreign market entry mode choice takes into account the mode of foreign market entry which is opted by family firms while internationalising their operations abroad. Foreign market entry mode choice was taken as binary variable wherein, it was categorised as 1 for WOS entry mode and 0 for JV. The data for entry mode was again taken from RBI's monthly reports on "Data on Overseas Investment".

III. Control Variables

a. Industry Dummy

The study takes industry dummy as the control variable. Companies from different industries exhibit different behaviour in terms of performance, revenue, expenditure, etc. Thus, it becomes imperative to include industry dummy in the model. Companies have been classified into 6 industries based on 3-digit NIC. These include – Materials, Energy & Utilities, Healthcare, Information and Communication Technology (ICT), Fast Moving Consumer Goods (FMCG) and Industrials.

b. State Dummy

The study also takes state dummy as the control variable. In India, it is observed that there are different family communities which reside in different states and differ in terms of their risk-taking ability, mindset etc. Thus, it becomes imperative to include state dummy in the model. The companies have been classified on the basis of the state of the company's registered office. These include – Maharashtra, Gujarat, NCT of Delhi, Telangana, Tamil Nadu, Karnataka, Uttar Pradesh, Andhra Pradesh, Haryana, Rajasthan, West Bengal and Daman & Diu.

Table 8.2 presents the list of all independent and control variables, their description and sources for data collection:

Table 8.2: Variables Description

Variable Name	**Variable Description**	**Abbreviation**	**Source**
Dependent Variables			
Degree of Internationalisation	Outward Foreign Direct Investment	OFDI	www.rbi.org.in
Foreign Market Entry Mode	Binary Variable; 1 for WOS, 0 for JV	Ent_Mode	www.rbi.org.in
Independent Variables			
Family Ownership	Percentage of shares held by the members of the family in the firm	FamOwn	Prowess Database and BSE website (www.bseindia.com)
Family Members' Involvement	Ratio of family members to total members on the firms' board	FamInv	Company Websites and Annual Reports
Socioemotional Wealth (SEW)	Family members' social needs and non-economic benefits	SEW	Content Analysis of the Chairman's message in the annual reports
Family Generation	Binary Variable; 1 if multiple generation family members are there on firms' board and, 0 if	FamGen	Company Websites and Annual Reports

	single generation family members are involved		
Age	Age of the family business group	Age	Prowess Database
Business Group Affiliation	Binary Variable; 1 if family business is affiliated to a business group and, 0 otherwise	BGAffil	Prowess Database
Financial Resources	It takes into account the risk-bearing capacity of the family firms and is measured with the help of firm's debt/equity ratio	DE	Prowess Database
Quality of Human Resources	Salaries and wages paid to the employees	HR	Prowess Database
International Experience	Variable created through PCA using three components – 1. Breadth of Internationalisation: Number of foreign countries in which the firm has subsidiaries 2. Depth of Internationalisation: Number of years for which the family firm is present in foreign countries 3. Number of foreign subsidiaries that a family firm has	IntExp	www.rbi.org.in
Board Education	The highest degree of the board members was first coded (Senior Secondary → 1; Under Graduation → 2; Post Graduation → 3; PhD → 4) These scores were then added and divided with the total number of members on board	BdEduc	Company Websites and Annual Reports
Board Experience	Total number of years on board of the members is divided by the Total number of board members	BdExp	Company Websites and Annual Reports
Control Variables			
Industry Dummy	Companies have been classified into 6 industries based on 3-digit NIC (Materials, Energy & Utilities, Healthcare, ICT, FMCG and Industrials)	Dummy_Ind	Prowess Database
State Dummy	Classifies companies on the basis of the State of the company's registered office	Dummy_State	Prowess Database

Further, *Table 8.3* represents if these variables have been measured through quantitative analysis (i.e., data captured through existing databases) or through qualitative analysis (i.e. data for these variables were captured by the researchers).

Table 8.3: Variables Measurement

S.No.	Variable	Pre-Existing or Created through Qualitative Analysis	Literature Sources
1	Family Ownership	Pre-existing	Alessandri et al. (2018); Evert et al. (2018)
2	Family Members' Involvement	Created through qualitative approach from Company's Website	Hernández et al. (2018); Kano and Verbeke (2018)
3	Socioemotional Wealth (SEW)	Created through Content Analysis of Annual Reports	Berrone et al. (2012); Yamanoi and Asaba (2018)
4	Family Generation	Created through qualitative approach from Company's Website	Alayo et al. (2019); Dou et al. (2019)
5	Age of the Family Business Group	Pre-existing	Ashwin et al. (2015)
6	Business Group Affiliation	Pre-existing	Ashwin et al. (2015)
7	Level of Financial Resources	Pre-existing	Claver et al. (2009)
8	Quality of Human Resources	Pre-existing	Tsao et al. (2018)
9	International Experience	Created through PCA of 3 components – Internationalisation Breadth, length and number of foreign subsidiaries	Tsao et al. (2018)
10	Board Education	Created through qualitative approach from Company's website, annual reports	Dou et al. (2019)
11	Board Experience	Created through qualitative approach from Company's website, annual reports	Dou et al. (2019)

8.4. Model Specification

The study employed Generalised Linear Model (GLM) to examine the impact of various independent variables on family firms' degree of internationalisation. McCullagh (1989) introduced the GLM for exponential family data. One of the attractive properties of the GLM is that it allows for linear as well as nonlinear models under a single framework. It is possible to test this model where the underlying data are normal, Poisson, binomial or gamma (as well as others) by suitable choice of the functions.

Generalized Linear Models (GLMs) are a class of regression models that can be used to model a wide range of relationships between a response variable and one or more predictor

variables. Unlike traditional linear regression models, which assume a linear relationship between the response and predictor variables, GLMs allow for more flexible, non-linear relationships by using a different underlying statistical distribution. GLM loosens the assumptions of the linear regression model and allows for a variety of other distributions from the exponential family for the residuals. GLMs can be robust to outliers and other anomalies in the data, as they allow for non-normal distributions of the response variable. GLM estimates the parameters using maximum likelihood estimation (MLE) rather than ordinary least squares (OLS).

GLM is employed because the study analyses firm-level data which is idiosyncratic in nature. Firm-level data is not a general level data and is very peculiar to the underlying firm. Thus, firm-level data is idiosyncratic since it is very specific in nature. Ordinary Least Square (OLS) is a general model which is better able to handle macro-level data rather than firm-level data. GLM is more efficient in handling specific firm-level data and gives generalised estimators. Thus, the study employs GLM to analyse the impact of various variables on the internationalisation of family firms.

Further, for robustness checks, the study employed Generalised Binary Logistic Regression to analyse the impact of independent variables on family firms' degree of internationalisation. Logistic regression is a statistical method for analysing a dataset in which there are one or more independent variables that determine an outcome. The outcome is measured with a dichotomous variable (in which there are only two possible outcomes). Consequently, the dependent variable i.e. family firms OFDI was converted into "High OFDI" and "Low OFDI" based upon their median values.

The logits give the odds ratio which is the ratio of probability of success and the probability of failure:

$$\text{Logit} = \frac{\text{Probability of success}}{\text{Probability of failure}}$$

Success and failure in Logit model depend upon how the dependent variable is defined which is dichotomous i.e. it can take only two values, 0 and 1. In this case, 1 represents High OFDI and 0 represents Low OFDI.

Exponentiated (β) is the ratio of odds for two groups where each group has a value of Xj which are one unit apart from the values of Xj in the other group. The odds ratio, which is Exponentiated (β), is the factor by which odds (event) changes for a 1 unit change in X. The change factor is not (β)*ΔX. Rather, odds (event) change by a factor of Exponentiated (β)*ΔX.

Odds Ratio = 1 indicates, that the probability of falling into the target group is equal to the probability of falling into non-target group.

Odds Ratio > 1 indicates, that the probability of falling into the target group is greater than the probability of falling into non-target group. The event is likely to occur.

Odds Ratio < 1 indicates, that the probability of falling into the target group is less than the probability of falling into non-target group. The event is unlikely to occur.

Thus, besides robustness checks, logistic regression helped in identifying the aspects on which less successful companies shall look up to successful companies in order to achieve successful internationalisation. It helps in calculating the probability by which less successful companies shall improve in order to be at par with successful companies in terms of their degree of internationalisation. Thus, logistic regression helped in enriching the results in order to provide significant implications for the less successful family firms who are facing challenges in expanding their operations abroad.

Further, the study employed Generalised Binary Logit regression in order to analyse the impact of various independent variables on family firms' foreign market entry mode decisions. The

dependent variable, i.e., entry mode strategies, was categorised as 1 for WOS entry mode and 0 for JV. Since the dependent variable was a categorical variable, Binary Logit regression appeared to be the most appropriate technique.

CHAPTER 9

FACTORS AFFECTING THE INTERNATIONALISATION OF INDIAN FAMILY FIRMS – A QUANTITATIVE ANALYSIS

9.1. Introduction

The Chapter 7 formulated the hypotheses for family firms' degree of internationalisation as well as their foreign market entry mode choice. The present chapter tests these hypotheses in order to analyse the impact of these independent variables on family firms' degree of internationalisation as well as their foreign market entry mode choice. With respect to Objective 3, the study first employs Generalised Linear Model to analyse the impact of independent variables on family firms' degree of internationalisation. Subsequently, the study employs Generalised Binary Logit Model to analyse the impact of independent variables on family firms' degree of internationalisation ("High OFDI" and "Low OFDI"). The results are reported in Section 9.3.1. The last section of the chapter pertains to Objective 4 and reports the results of the impact of independent variables on family firms' foreign market entry mode choice using Generalised Binary Logit Model. Finally, the results of the regression analysis are corroborated with the results of interview analysis presented in Chapter 6.

9.2. Descriptive Statistics

Table 9.1 presents the descriptive statistics of the categorical variables. The table indicates that 60% of Indian family firms have members from multiple generations working on the board while 40% have a single generation on their board. With respect to business group affiliation, it is observed that 68% of the family businesses are affiliated with a group while 32% do not have any business group affiliation. Industry distribution represents that the Materials industry occupies the maximum proportion at 35%, followed by Healthcare and Industrials at 22%,

followed by ICT (9%), FMCG (7%) and Energy & Utilities (6%). The State distribution represents that 43% of the family businesses belong to Maharashtra, 16% belong to Gujarat, 12% belong to NCT of Delhi, and so on. *Table 9.2* represents the descriptive statistics of the continuous variables. The table indicates that minimum family ownership in the sample firms is 23% while maximum family ownership is 85%. With respect to family members' involvement on board, it is observed that the minimum ratio is 0.08 and the maximum ratio is 0.50. Also, the statistics indicate that the minimum SEW score in sample firms is 1.92% while the maximum SEW is 100%.

Table 9.1: Descriptive Statistics of the Categorical Variables

Variable	**N**	**Percentage**
Generation		
1 = Multiple Generation	52	59.1%
0 = Single Generation	36	40.9%
Business Group Affiliation		
1 = Affiliated to a Business Group	60	68.2%
0 = Not Affiliated to a Business Group	28	31.8%
Industry		
Materials	31	35.22%
Healthcare	19	21.59%
Industrials	19	21.59%
Information and Communication Technology (ICT)	8	9.09%
Fast Moving Consumer Goods (FMCG)	6	6.81%
Energy & Utilities	5	5.68%
State of the Registered Office		
Maharashtra	38	43.18%
Gujarat	14	15.90%
NCT of Delhi	11	12.5%
Telangana	6	6.81%
Tamil Nadu	5	5.68%
Karnataka	3	3.40%
Uttar Pradesh	3	3.40%
Andhra Pradesh	2	2.27%
Haryana	2	2.27%
Rajasthan	2	2.27%
West Bengal	1	1.13%
Daman & Diu	1	1.13%

Table 9.2: Descriptive Statistics of Continuous Variables

Variable	**N**	**Minimum**	**Maximum**	**Mean**	**Std. Deviation**
Outward Foreign Direct Investment *(OFDI)*	88	-2.28400	3.07918	0.94	1.1

Family Ownership *(FamOwn)*	88	23.25	85.00	51.53	14.55
Family Members' Involvement in Board *(FamInv)*	88	.08	.50	0.27	0.096
Socioemotional Wealth *(SEW)*	88	1.92	100.00	48.46	19.62
Age of the Family Business Group *(Age)*	88	.60	2.46	1.72	0.30
Level of Financial Resources *(DE)*	88	-2.00	2.66	-0.58	0.72
Quality of Human Resources *(HR)*	88	.79	5.40	3.50	0.68
Board Experience *(BdExp)*	88	2.00	18.42	10.50	3.31
Board Education *(BdEduc)*	88	2.25	3.25	2.77	0.22
International Experience *(IntExp)*	88	-1.07954	4.12179	0E-7	1.00

Further, to attest the problem of multicollinearity in the data, the VIF values for all independent variables were computed. In a multiple regression model, multicollinearity exists when the independent variables are highly correlated. Such a high correlation reduces the reliability of the analysis (Tamura et al., 2019). The presence of multicollinearity increases the standard errors of each coefficient in the model, which plagues the statistical inferences. Multicollinearity increases the variance of regression coefficients making them unstable, resulting in less reliable estimation of the coefficients (Shrestha, 2020). Variance Inflation Factor (VIF) helps in detecting the problem of multicollinearity among the variables (O'brien, 2007). A VIF value of 3.3 or above suggests a potential collinearity concern (Hair et al., 2011). The VIF values of all the independent variables are less than 3.3, ruling out the issue of serious multicollinearity.

9.3. Findings and Discussion

9.3.1. Results for Family Firms' Degree of Internationalisation

- ***When Family Firms' Degree of Internationalisation (Dependent Variable) is a Continuous Variable***

Table 9.3 reports the results for the generalised linear model. It indicates the impact of all independent variables on family firms' OFDI. Model 1 includes all the independent variables. The model is significant at 5% and the Chi-square likelihood ratio is 62.910. In Model 1, it was observed that BdEduc has the highest p-value. Thus, it was dropped in Model 2 and the

regression analysis was conducted again. Model 2 is also significant at 5% and the Chi-square likelihood ratio is 62.877. It was observed that the significance of all the independent variables improved in Model 2 after dropping BdEduc. Finally, in Model 3, the researchers dropped BGAffil and DE since they had the next highest p-value. Model 3 is significant at 5% and the Chi-square likelihood ratio is 62.488. The Likelihood Ratio test in case of all three models suggest that Model 3 is the most appropriate (with lowest Chi-square value of 62.488), indicating a better fit to the data set. The results of regression in all models are consistent in terms of relationships (signs) between the independent and the dependent variables. The results of Model 3 are interpreted and discussed in the following section.

Table 9.3: Generalized Linear Model Results

Independent Variables	Model 1	Model 2	Model 3
Peculiar Family Characteristics			
Family Ownership (*FamOwn*)	-0.004 (0.563)	-0.004 (0.543)	-0.005 (0.520)
Family Members' Involvement in Board (*FamInv*)	-1.930 (0.151)	-1.962 (0.131)*	-2.183 (0.085)**
Socioemotional Wealth (*SEW*)	0.007 (0.148)*	0.007 (0.146)*	0.007 (0.143)*
Family Generation (*FamGen*)	0.859 (0.000)***	0.855 (0.000)***	0.863 (0.000)***
Business Group Related Factors			
Age of the Family Business Group (*Age*)	-0.752 (0.084)**	-0.748 (0.083)**	-0.640 (0.088)**
Business Group Affiliation (*BGAffil*)	0.179 (0.624)	0.176 (0.632)	-
Organisational Factors			
Level of Financial Resources (*DE*)	0.037 (0.762)	0.040 (0.749)	-
Quality of Human Resources (*HR*)	0.276 (0.163)	0.278 (0.161)	0.312 (0.105)*
International Experience (*IntExp*)	0.205 (0.140)*	0.205 (0.141)*	0.208 (0.137)*
Board Experience (*BdExp*)	-0.089 (0.002)***	-0.088 (0.002)***	-0.089 (0.002)***
Board Education (*BdEduc*)	0.094 (0.859)	-	-
Likelihood Ratio Chi-Square	62.910	62.877	62.488
Sig. (p-value)	0.000	0.000	0.000

*Model 1 represents the results with all independent variables; Model 2 represents the results after dropping BdEduc since it had the highest p-value; Model 3 represents the results after dropping BGAffil and DE since they had the next highest p-value. *** p < 0.05, ** p < 0.10, * p < 0.15*

With respect to ***peculiar family characteristics***, results indicate that family ownership (representing family control) has a negative impact on the family firms' degree of internationalisation, however, the results are not significant. Thus, hypothesis *H1a* is not supported. Family members' involvement in board has a significant negative impact on the internationalisation of family firms (at 0.085 level of significance). Thus, hypothesis *H2a* is supported. Consequently, the results indicate that greater the family control in the business, either through ownership or family members' involvement in board, the lower will be the family firms' degree of internationalisation. Further, it is observed SEW has a significant positive impact on family firms' degree of internationalisation (at 0.143 level of significance), which is contrary to the hypothesis *H3a*. This may be because, high degree of SEW leads to enhanced reputation and social standing of family firms in the market which helps them in internationalising their operations abroad. Finally, with respect to family generation, it is observed that the presence of multiple generation family members significantly results in greater degree of family firms' internationalisation. Thus, hypothesis *H4a* is supported.

With respect to ***business group-related factors***, results indicate that the age of the family business group has a significant negative relationship with family firms' degree of internationalisation which is contrary to *H5a*. This indicates that newer family businesses are internationalising more than the old family businesses. This may be because new-age industrial houses are more dynamic in nature. They are willing to undertake more risks, hence they are able to undertake risky activities like internationalisation. However, business group affiliation per se does not seem to play a significant role in determining the internationalisation of family firms. Thus, *H6a* is not supported.

With respect to ***organisational factors***, results indicate that the level of financial resources do not play a significant role in determining the family firms' degree of internationalisation. Thus, hypothesis *H7a* is not supported. Quality of human resources have a significant positive impact

on family firms' degree of internationalisation. Thus, *H8a* is supported. Further, international experience also exhibits a positive relationship with family firms' degree of internationalisation. Thus, *H9a* is supported. Further, board experience has a significant negative impact on family firms' degree of internationalisation which is contrary to the hypothesis H10a. Finally, board education does not play any role in determining family firms' degree of internationalisation, hence hypothesis *H11a* is not supported.

- ***When Family Firms' Degree of Internationalisation (Dependent Variable) is a Categorical Variable***

In order to find the probability of undertaking OFDI with the change in independent variables, the dependent variable, OFDI variable, was converted into a categorical variable as "High OFDI" and "Low OFDI" on the basis of median value *(Median OFDI Value is 12.80 USD million)*. Consequently, Generalised Binary Logit model was run to estimate the probabilities of the factors leading to High OFDI. This shall also lead to the robustness checks of the results. The results of Binary Logit model are presented in *Table 9.4*.

Table 9.4: Generalized Binary Logit Model Results

Independent Variables	**B**	**Exp(B)/ Odds Ratio**	**Sig. (p-value)**
Peculiar Family Characteristics			
Family Ownership (*FamOwn*)	-0.013	0.987	(0.649)
Family Members' Involvement in Board (*FamInv*)	-8.198	0.000	(0.131)*
Socioemotional Wealth (*SEW*)	0.048	1.049	(0.015)***
Family Generation (*FamGen*)	2.625	13.798	(0.007)***
Business Group Related Factors			
Age of the Family Business Group (*Age*)	-2.929	0.053	(0.076)**
Business Group Affiliation (*BGAffil*)	0.931	1.394	(0.322)
Organisational Factors			
Level of Financial Resources (*DE*)	0.834	2.303	(0.087)**
Quality of Human Resources (*HR*)	1.409	4.092	(0.044)***
International Experience (*IntExp*)	0.755	2.128	(0.147)*
Board Experience (*BdExp*)	-0.109	0.896	(0.334)
Board Education (*BdEduc*)	-3.340	0.035	(0.091)**
Likelihood Ratio Chi-Square	57.757	-	-
Sig. (p-value)	0.001	-	-

*** $p < 0.05$, ** $p < 0.10$, * $p < 0.15$

As discussed above, logits give the odds ratio which is the ratio of probability of success (high OFDI) to the probability of failure (Low OFDI).

$$\text{Logit} = \frac{\text{Probability of success}}{\text{Probability of failure}}$$

Thus, the analysis will help in understanding that on what aspects the less successful family businesses (i.e. the ones with Low OFDI) shall look up to the successful family businesses (i.e. the ones with High OFDI) in order to undertake more OFDI. Consequently, such analysis will help to understand the strategies that shall be adopted by less successful family firms in order to undertake more OFDI.

The Generalised Logit Model gives similar results for peculiar family characteristics and business group related factors as given by Generalised Linear Model. With respect to organisational factors, the logit model gives similar results for quality of human resources and international experience. Both the models indicate that level of financial resources has the positive impact on family firms' degree of internationalisation but the results are significant only in logit model. Further, results are different for board experience also, wherein, it does not have a significant impact on family firms' degree of internationalisation according to logit model but it is a significant variable in accordance with the linear model results. Similarly, board education appears to have a significant impact according to the logit model but not according the linear model results. Table 9.5 summarises the expected and actual signs of these hypotheses.

Table 9.5: Expected and Actual Signs of the Hypotheses

Independent Variable	**Expected Sign (Presented in Chapter 7)**	**Actual Sing**
Peculiar Family Characteristics		
Family Ownership (*FamOwn*)	(-)	(-)
Family Members' Involvement in Board (*FamInv*)	(-)	(-)

Socioemotional Wealth (*SEW*)	(-)	(+)
Family Generation (*FamGen*)	(+)	(+)
Business Group Related Factors		
Age of the Family Business Group (*Age*)	(+)/(-)	(-)
Business Group Affiliation (*BGAffil*)	(+)	(+)
Organisational Factors		
Level of Financial Resources (*DE*)	(+)	(+)
Quality of Human Resources (*HR*)	(+)	(+)
International Experience (*IntExp*)	(+)	(+)
Board Experience (*BdExp*)	(+)	(-)
Board Education (*BdEduc*)	(+)	(-)

The detailed discussion of these results is done in the following section.

- ***Discussion of Results***

The above section presents the results of each of the factors in terms of their impact on family firms' degree of internationalisation through both generalised linear model and generalised binary logit model. The results are discussed in the present section.

i) Family Ownership (FamOwn)

The results of generalised linear model indicate that although family ownership has a negative impact on family firms' degree of internationalisation but the result is not significant. Similar results are also confirmed by generalised logit model. With the increase in family ownership, the family firm becomes more risk-averse. This is because the proportion of their wealth infused in firms' operations rises, thus making them highly risk averse (Bianco et al., 2013; George et al., 2005; Liu et al., 2011). Consequently, family firms are unwilling to undertake risky decisions like internationalisation. When a large proportion of family wealth is tied up in the firm, family owners are more likely to cater to family values and family interests in its strategic decision-making (Bianco et al., 2013; George et al., 2005; Liu et al., 2011). When the concentration of family ownership is high, they have the ultimate decision-making authority, thereby having the ability and willingness to take family-centric decisions, leading to the preservation of SEW, family name, and thus maintaining the firms' long-term legacy (Ray et

al., 2018). Consequently, family firms are willing to forgo financially lucrative opportunities like internationalisation in order to preserve their SEW (Berrone et al., 2012; Gomez-Mejia et al., 2011).

Further, the results from the interview analysis (presented in Chapter 6) also revealed that family has a greater control in the decision-making of family SMEs, however, such family control gets diluted in large family firms as the firm grows in size and complexities. In case of family SMEs, having a greater degree of family control has a negative impact on their internationalisation due to their risk-averse behaviour. This negative impact seems to reduce in large family firms due to the presence of external funding and human resources which reduces the risk-averse behaviour of family owners. Thus, as family firms grow in size, retaining the family control in the business seems to be of less important to these firms. They realise that in order to undertake successful internationalisation, they would require external assistance that could be achieved through sharing family ownership with external parties. This could be a plausible reason that family ownership does not have a significant impact on family firms' degree of internationalisation.

ii) Family Members' Involvement in Board (FamInv)

The results of generalised linear model indicate that family members' involvement on board has a significant negative impact ($p < 0.10$) on the internationalisation of family firms. Further, the results of generalised logit model also indicates that the involvement of family members on firms' board decreases the family firms' degree of internationalisation. The Exp(B) or Odds Ratio in case of family members' involvement is less than 1, it indicates that the presence of family members on the firm's board decreases the odds of high OFDI in comparison to low OFDI. It is observed that families influence decision-making in the firm not just by virtue of their family ownership but also by their presence in the firm's management or board (Liang et

al., 2014). In India, there are various family firms with family ownership as low as 20%, still the family influences the firm's decision-making process by exerting direct management control (Das, 2012). For instance, certain Indian family firms that have family ownership of less than 40% viz., Advani family-owned Blue Star Ltd, Chava family-owned Lauras Labs Ltd., Gupta family-owned APL Apollo Tubes Ltd., Birla family-owned Hindalco Industries Ltd., among others, have greater presence of family members on their board. These family firms are in the category of "Low OFDI" in the sample firms. This could be because, family firms with a greater involvement of family members in firm's board, exhibit a greater risk-averse behaviour. Family members are highly concerned with preserving their family wealth and thus refrain from taking risky decision like internationalisation which might involve a threat to their family name (Jimenez et al., 2019).

Further, agency theory argues that in family firms, there is an overlap of ownership and management wherein family members act as both owners and managers (Fama & Jensen, 1983). Consequently, the greater involvement of family members as both owners and managers might lead to the diversion of the firm's resources for fulfilling family goals such as preservation of family wealth i.e., SEW (Shleifer & Vishny, 1997). Thus, it is reasonable to believe that family firms managed by family members are likely to face the challenge of limited financial resources while undertaking strategic activities like internationalisation since a large pool of these resources goes in fulfilling family goals. Further, as observed, these family members holding the firm's positions are unwilling to employ external financial and human resources since the presence of non-family managers cedes their control over the decision-making process (Schulze et al., 2003). Thus, the fear of dilution of family control and erosion of family wealth prevents family firms from undertaking risky activities like internationalisation.

iii) Socioemotional Wealth (SEW)

The results of generalised linear model indicate that SEW has a significant positive impact ($p < 0.15$) on family firms' degree of internationalisation. Further, the logit model also indicates the same wherein, the Exp(B) or Odds Ratio in the case of SEW is 1.049. This indicates that the presence of SEW increases the odds of high OFDI by 1.049 times in comparison to low OFDI. This is contrary to the majority of the past findings which indicate that family firms' desire to preserve SEW leads to a lower degree of internationalisation (e.g., Ray et al., 2018; Gomez-Mejia et al., 2010). This could be because SEW helps in building family reputation and firm image in the market which are important for family firms (Gomez-Mejia et al., 2011) and which propels them to undertake internationalisation. Social capital theory argues that family firms focus on building reciprocal trust and bonds with various stakeholders in the society (D'Angelo *et al.*, 2016). This is particularly witnessed in Indian family firms wherein they place greater emphasis on building their reputation and social standing in the market. They value their family reputation more than economic concerns in society. For instance, Indian family businessmen like Jamsetji Tata was concerned about how his business group could contribute towards nation-building. Further, Sir Shri Ram, founder of Ram family-owned SRF Ltd. was also an advocate of education and wanted their successive generations to carry forward that legacy. Thus, he believed that his company shall aim at impacting the lives of poor students by implementing educational programs, skill development workshops, among others. Thus, Indian family firms have always displayed a concern to be known in the society for their family values and the trust they build in society.

Consequently, such relationship, bond and trust with the society (also known as 'bridging social capital') helps family firms in mobilising their social ties and relationships with various stakeholders while internationalising their operations (Theodoraki et al., 2018). This is because business partners choose to deal with a family business when it is run by a trustworthy family and has a good reputation in the market (Jiang et al., 2020; Xu et al., 2020). This could help

family firms in gaining access to foreign markets and developing networks with the partners abroad. Such networks help in developing family reputation and social standing in the market which helps family firms in internationalising their operations. Thus, such networks help family firms in entering foreign markets by reducing the liability and risks of foreignness and newness. Thus, high levels of SEW endowments enhance the social standing and reputation of the family firm in the market which in turn helps them in expanding their operations abroad. Also, the social standing helps family firms in building networks that also eventually helps them in their internationalisation.

iv) Family Generation (FamGen)

The results of generalised linear model indicate that the presence of multiple-generation family members has a significant positive impact ($p < 0.05$) on the family firms' degree of internationalisation. Further, the logit model also indicates the same wherein, the Exp(B) or Odds Ratio in case of generation is 13.798. This indicates that the presence of multiple-generation family members increases the odds of high OFDI by 13.798 times in comparison to low OFDI. The descriptive statistics indicate that the majority of Indian family firms (around 60%) have the presence of multiple-generation family members in the organisation. Further, it is observed that majority of these family firms are in the category of "High OFDI" in the sample such as in the case of Adani family-owned Adani Green Energy Ltd. and Adani Ports and Special Economic Zone Ltd., Godrej family-owned Godrej Consumer Products Ltd., Jindal family-owned JSW Steel Ltd., Piramal family-owned Piramal Enterprises Ltd., among others. Thus, it is reasonable to believe that the presence of multiple generation family members fosters family firms' internationalisation mainly because family members from diverse generations possess diverse knowledge, experience and risk-taking capacity.

The results also corroborate with the findings of the interview analysis wherein, the family firms believed that it is imperative to have family members from multiple generations in order to have diverse perspective on firm's board. The respondents contented that founding generation family members exhibit greater risk-averse behaviour since they are more concerned about preserving family wealth and family name. However, younger generation family members are more concerned about tapping on the profitable internationalisation opportunities rather than preserving family wealth. Thus, these younger generation family members help in dispelling the fear of older generation family members with respect to the risks associated with internationalisation. Further, it was observed that the presence of different generation family members complements each other in terms of their experience and knowledge. The respondents mentioned that these young generation family members have foreign degrees and hence they understand international markets better. Consequently, older generation family members are now listening the ideas of younger generation family members since they believe that younger generation has seen the world and they can take the business to different regions or continents. On the other hand, younger generation family members believe that founding generation family members bring years of experience to the firm. Consequently, the combination of multiple generation family members leads to the stock of diverse ideas, expertise, knowledge, and risk perspectives which ultimately intensifies family firms' degree of internationalisation. Thus, together, they are able to better handle the complexities of the foreign markets.

v) Age of the Family Business Group (Age)

The results of generalised linear model indicate that the age of the business group has a significant negative impact ($p < 0.10$) on family firms' degree of internationalisation. Further, the logit model also indicates the same wherein, the Exp(B) or odds ratio in the case of Age is 0.053. This indicates that new age family business houses are internationalising more than the

old family businesses. This may be because new-age industrial houses are more dynamic in nature. They are willing to undertake more risks, hence they are able to undertake risky activities like internationalisation. Thus, less successful family businesses shall look up to the strategies of new-age family business houses in order to internationalise their operations abroad. Further, these business families belong to different communities having their own dominant beliefs and culture which gets reflected in their organisation (Sinha, 2021). In Indian business history, there were a few dominant communities like the Gujarati Banias/Jains, Marwaris and other non-Gujarati Banias/Jains, Parsis, and Nattukottai Chettiars that majorly promoted the economic development of India through industrialisation (Roy, 2014). These family businesses had the support of their community groupings which led to their growth and development. Thus, the internationalisation during the old times was limited only to a few dominant business houses while the family businesses belonging to lower communities faced challenges in expanding their operations in domestic as well as international markets (Shivani et al., 2006). However, the results indicate that new family business houses have gotten rid of this community groupings and it no longer plays a role in the decision-making of these firms. It seems that these new age family business houses have long past the time of this community system, and now it has nothing to do with the functioning of the firms' operations. Consequently, the community system does not act as a hindrance in the internationalisation of new family business houses. Thus, less successful family firms shall learn from the ideologies and strategies of new-age family business houses in order to undertake more OFDI.

vi) Business Group Affiliation (BGAffil)

The results of both linear and logit model indicate that business group affiliation does not play a significant role in determining the family firms' degree of internationalisation, however, the impact is positive. Business group affiliation has a positive impact on family firms' degree of internationalisation since they act as the coping mechanisms for some of the liabilities that the

firms face such as resource limitations (Elango, 2009), outsidership (Johanson & Vahlne, 2009), and foreignness (Sethi & Guisinger, 2002). In the event of internationalisation, group affiliations provide access to the network connections embedded within the interfirm network as well as access to foreign market knowledge (Lamin, 2017). However, one plausible reason for the insignificant impact of business group affiliation could be that large family firms are self-sufficient. As indicated by the interview analysis, large family firms have enough financial resources and talented human resources needed to undertake internationalisation activities. The interview analysis also indicated that these large family firms have good reputation and family name in the market over the years. Thus, owing to their large size, they are likely to attract financial resources and talented human resources. Consequently, it is believed, that even if these large family firms are not affiliated to business groups, they seem to handle the complexities in the foreign markets themselves. Thus, these group affiliations do not play a significant role in the internationalisation of family firms.

vii) Level of Financial Resources (DE)

The results of generalised linear model indicate that financial resources do not play a significant role in affecting family firms' degree of internationalisation. Although, the impact is positive, it is not significant in linear model. However, results of logit model indicates that financial resources have a significant positive impact on family firms' degree of internationalisation. The Exp(B) or odds ratio in the case of DE is 2.303. This indicates that the greater level of financial resources in family firms increases the odds of high OFDI by 2.303 times in comparison to low OFDI. As argued by RBV, a firm's international involvement to a large extent is determined by the firm's resources and capabilities (Peng, 2001). Internationalisation demands a greater pool of financial resources in order to handle the complexities associated with the foreign market. However, RBV argues that family firms face unique challenges in internationalisation due to their limited financial resources (Chrisman *et al.*, 2013; Le Breton-Miller *et al.*, 2011). The

results of the interview analysis also indicates that usually family SMEs face the challenge of limited financial resources since they are willing to retain the family control in the business. They are unwilling to employ external debt and equity funding since it will dilute family control in the business. Consequently, they rely on internal family funds only, thus making them more risk-averse. However, this problem was not faced by large family firms since the respondents mentioned that as the firm grows in size and complexity, it becomes imperative to employ external funding. Consequently, financial resources do not seem to act as the hurdle in the internationalisation of large family firms. Thus, it becomes imperative for small family firms to increase their risk-taking capacity and employ external funding in order to finance their internationalisation activities.

viii) Quality of Human Resources (HR)

The results of generalised linear model indicate that the quality of human resources has a significant positive impact ($p < 0.15$) on family firms' degree of internationalisation. Further, the logit model also indicates the same wherein, the Exp(B) or odds ratio in the case of HR is 4.092. This indicates that the presence of experienced and skilled human resources increases the odds of high OFDI by 4.092 times. Thus, less successful family firms can improve their internationalisation performance by recruiting external professional human resources with the required skills and knowledge. Since family members themselves are not sufficient to handle the complexities associated with the international markets (Daily et al., 2003; Jaskiewicz et al., 2005), it becomes imperative that family firms must employ quality human resources who are able to manage family firms in a more complex environment. In this competitive world economy, qualified and skillful human resources are one of the critical assets to successfully enter and survive in international markets. The ability of the human resources to establish networks and communication with foreign partners, the ability to adapt to local tastes and culture, and the ability to design innovative and non-imitable products help family firms to

survive and sustain in international markets. However, the interview analysis indicates that in the case of Indian family firms, particularly small Indian family firms, majorly family members are involved in handling the firms' operations since they dislike the presence of non-family members in the firms' decision-making process. They exhibit a greater desire to preserve 'familiness' in their business and thus the key roles in the organisation are handled by family members only. Consequently, it leads to a lack of skills, expertise, and knowledge in family firms; the presence of which is imperative to expand the operations abroad. While, in case of large family firms, various non-family members are involved in undertaking strategic decisions of the organisation. They have realised that family members are not sufficient to handle the growing complexity of the organisation. Consequently, these large family firms employ a pool of talented and experienced human resources to handle the firm's operations. Thus, it is imperative for less successful family firms to understand the importance of recruiting external qualified human resources in order to undertake greater OFDI.

ix) Family Firms' International Experience (IntExp)

The results of generalised linear model indicate that international experience has a significant positive impact ($p < 0.15$) on family firms' degree of internationalisation. Further, the logit model also indicates the same wherein, the Exp(B) or odds ratio in the case of international experience is 2.128. This indicates that internationally experienced family firms increase the odds of high OFDI by 2.128 times. International experience helps in overcoming the liability of foreignness by allowing the firm to develop skills and knowledge that are needed while expanding abroad (Barkema et al., 1996). Thus, greater international experience helps firms in internationalising their operations. There are certain Indian family firms that are spread across more than 10 countries for more than 50 years which helps them in fostering their degree of internationalisation by overcoming the liability of foreignness in the international markets. For instance, Ambani family-owned Reliance Industries Ltd. has around 22 foreign subsidiaries

spread across 9 countries for over 80 years. Similarly, Premji family-owned Wipro Ltd. has around 20 foreign subsidiaries in 11 countries for around 75 years. The Saldanha family-owned Glenmark Pharmaceuticals Ltd. has presence in 17 countries having around 20 subsidiaries. Consequently, it becomes reasonable to believe that such international experience might have fostered the internationalisation of these family firms.

However, the results of interview analysis indicated that in case of Indian family firms, particularly small family firms, family members refrain from sending their children to study or work abroad since they prefer family members to stay together in the domestic market only. Family bonds and emotions are very strong in Indian family firms such that they exhibit a greater desire to live together and always stand there for each other. In the event of internationalisation, family members will have to go abroad to look after their international business. Thus, Indian family businesses fear that if ever their children go abroad to study or understand foreign market dynamics, they will be settled there and family bonds and relationships may fade away. Thus, it becomes difficult for Indian family businesses to visit abroad and gain international experience. In these family firms, it is observed that many a times their decisions are guided by emotions and not by economic logic. Thus, they are satisfied with earning less money if it is allowing family members to stay together, hence maintaining an emotional bond in the family. Consequently, small family firms majorly suffer from the lack of international experience which is imperative to understand the nature of the overseas markets. Thus, it is imperative for less successful family firms to understand that gaining international experience becomes important to increase the degree of internationalisation. Thus, it implies that less successful family firms shall focus on understanding foreign markets and developing networks abroad in order to increase their degree of internationalisation.

x) Board Experience in Family Firms (BdExp)

The results indicate that board experience has a negative impact on family firms' degree of internationalisation. The results are surprising and contradictory to the past findings (Tsao et al., 2018; Majocchi et al., 2018). Thus, it is believed that this relationship requires further validation. One plausible explanation for this result could be because experienced board members majorly belong to the older generation who exhibit greater risk-averse behaviour. Elderly family members are hesitant to internationalise their operations because they perceive it as a risky venture. They are more concerned about the preservation of family wealth and influence in the business, thus they participate less in risky internationalisation activities (Menéndez-Requejo, 2005). Also, it is observed that elderly family members are less updated with the current opportunities, trends and technology available at the market places (Thiefels, 2019). Thus, they are unable to tap upon the internationalisation opportunities existing in the market place.

xi) Board Education in Family Firms (BdEduc)

The Exp(B) or odds ratio in the case of board education is 0.035. This indicates that the presence of educated board members decreases the odds of high OFDI. Again, this result is surprising and contrary to the expectations of the researchers. However, the relationship between board education and firm internationalisation is rarely explored in the context of family firms. Thus, this relationship requires further validation. It may indicate that with respect to family firms, the entrepreneurial spirit of the board members is more imperative in fostering the family firms' degree of internationalisation in comparison to the educated board members. The entrepreneurial board is willing to undertake more risky decisions like internationalisation. The entrepreneurial spirit of the board will help in compensating for the risk-averse nature of the family firms by tapping on the profitable internationalisation opportunities. Thus, it implies that less successful family firms shall ensure the presence of entrepreneurial board members in comparison to educated board members in order to foster their degree of internationalisation.

Finally, based on the beta coefficients of these variables, they can be rank ordered in terms of their impact on family firms' internationalisation. The ranking is presented in *Table 9.6*.

Table 9.6: Ranking of the Variables affecting Family Firms' Internationalisation

Rank	Variable	Beta Coefficient
1	Family Members' Involvement	1.930 (-)
2	Family Generation	0.859 (+)
3	Age of the Business Group	0.752 (-)
4	Quality of Human Resources	0.276 (+)
5	International Experience	0.205 (+)
6	Board Experience	0.089 (-)
7	SEW	0.007 (+)

Thus, the results indicate that the most important variable in explaining the internationalisation of family firms is family members' involvement in board. It justifies the purpose of conducting the research wherein it was believed that the presence of "familiness" in family firms distinguishes their internationalisation decisions from that of non-family firms. The ranking is followed by family generation, age of the business group, quality of human resources, international experience, board experience and SEW. The results indicate that SEW has a significant but small impact on the internationalisation of family firms. This is in line with the results of the interview analysis, wherein it was observed that social factors such as emotional bond between the family members, family values, etc. do not take a front seat while explaining the internationalisation of large family firms.

9.3.2. Results for Family Firms' Foreign Market Entry Mode Choice

Generalised Binary Logistic regression was employed to analyse the impact of various independent variables on family firms' foreign market entry mode decisions. The results are presented in *Table 9.7*.

Table 9.7: Results for Generalised Binary Logistic Regression

Independent Variables	B	Exp(B)/ Odds Ratio	Sig. (p-value)
Peculiar Family Characteristics			
Family Ownership (*FamOwn*)	-0.030	0.971	(0.487)
Family Members' Involvement in Board (*FamInv*)	3.567	35.421	(0.513)
Socioemotional Wealth (*SEW*)	-0.004	0.996	(0.844)
Family Generation (*FamGen*)	0.372	1.450	(0.719)
Business Group Related Factors			
Age of the Family Business Group (*Age*)	1.445	4.243	(0.548)
Business Group Affiliation (*BGAffil*)	0.735	2.086	(0.532)
Organisational Factors			
Level of Financial Resources (*DE*)	-0.756	0.469	(0.343)
Quality of Human Resources (*HR*)	-0.044	0.957	(0.958)
International Experience (*IntExp*)	-0.587	0.556	(0.349)
Board Experience (*BdExp*)	-0.187	0.829	(0.281)
Board Education (*BdEduc*)	-0.228	0.796	(0.906)
Likelihood Ratio Chi-Square	22.960	-	-
Sig. (p-value)	0.687	-	-

*The reference category here is "JV" i.e. Joint Venture. *** p < 0.05, ** p < 0.10, * p < 0.15*

The results indicate that the overall model is not significant since the p-value is not less than 0.05. Further, none of the independent variables has a significant impact in determining the entry mode strategies of family firms. Thus, it was observed that a complete model requires more variables in order to explain the entry mode decisions of family firms. Perhaps these entry mode decisions are based on host and home country factors. However, the study incorporated firm-level factors since the objective was to study the role of peculiar family characteristics in determining the internationalisation of family firms.

There are various theoretical perspectives which argue that peculiar family characteristics, business group-related factors and organisational factors determine the entry mode decisions of family firms. Consequently, based upon these theoretical arguments, the theoretical framework was built to explain the foreign market entry mode choice of family firms. For instance, as argued by Transaction Cost Economics (TCE) perspective, there are certain family firm-specific assets – *bonding social capital, bridging social capital, reputational assets and tacit knowledge*, that determines the family firms' foreign market entry mode choice. TCE

perspective argues that these family firm-specific assets are considered difficult to be separated from the family firms and even if they are transferred, it is unlikely that they will flourish in the context in which they were developed (Gedajlovic & Carney, 2010). Consequently, family firms prefer to enter foreign market via Joint Venture (JV) when the JV partner is also a family firm since it allows family firms to preserve their family firm-specific assets such as family bonds, social capital, relationships, etc. On the other hand, family firms prefer to enter via WOS when the foreign partner is not a family firm. Thus, the theory argues that family firm-specific assets determine the family firms' foreign market entry mode choice.

Similarly, Uppsala Model argues that firms incrementally increase their resource commitment in the foreign markets as they gain international experience. While entering the foreign markets, inexperienced firms exhibit greater tendency to choose JV over WOS. As firms gain international experience with the JV partner, WOS emerges as a preferable mode since the need to give up control to the foreign partners no longer seem worthwhile. In fact, this preference of choosing WOS as the firms gain international experience is stronger in case of family firms (Kuo et al., 2012). This is because, family firms exhibit a greater preference to retain family control and influence in the business. Thus, WOS is more preferred mode for family firms since it allows to retain family control in the business. Thus, family firms' desire to preserve their SEW as well as family control makes them more willing to choose WOS over JV, in comparison to non-family firms (Kuo et al., 2012). Consequently, the uppsala model also argues that firm-related factors such international experience, family control, SEW, etc. determines the foreign market entry mode of family firms.

Furthermore, family business-related theories such as social capital theory, kinship theory, SEW perspective, etc. argue that family bond and relationships, social standing in the market, trust between the family members, emotions, etc. determine the foreign market entry mode decisions of family firms. Family members' emotions, altruism and social capital affect the

firms' decision-making, primarily because families seek to preserve SEW within the business (Gomez-Mejía et al., 2007). Various decisions in a family business such as business venturing, firm strategies, stakeholder relationships, management processes and corporate governance are affected by SEW (Gomez-Mejia et al., 2011). The bridging social capital helps family firms in developing networks with the partners abroad which helps in entering foreign markets by reducing the liability and risks of foreignness and newness. Thus, it is argued that these peculiar family characteristics are set as the primary reference point while undertaking any strategic decision in a family firm (Berrone et al., 2012; Gomez-Mejia at al., 2011). Consequently, these family business-related theories also argue that peculiar family characteristics play a critical role in determining the foreign market entry mode strategies of family firms.

Thus, based upon the arguments put forward by these theoretical perspectives, the theoretical framework is developed to explain the foreign market entry mode decisions of family firms.

However, it was observed that a complete model requires more variables in order to explain the family firms' foreign market entry mode decisions. For instance, institutional theory argues that there are certain institutional factors in a country that influence the entry mode choice of the organisation. In family business literature, it is argued that when there is a greater institutional distance between the home and host country, family firms prefer to enter international markets through a joint venture with a local partner which makes it less challenging to comply with host country regulation and standards (Andreu et al., 2020). When high external uncertainty exists due to weak institutional systems, it becomes worthwhile to undertake less resource-committed entry modes such as joint ventures (Del Bosco & Bettinelli, 2020). Thus, it is observed that host country institutional set up as well as the institutional distance between the home and host country also determines the family firms' foreign market entry mode choice. Further, OLI theory also argues that location advantages and internalisation advantages determine that whether it is more worthwhile for a firm to keep its business in-

house and engage in FDI or to outsource its operations in a different location. Thus, these theories argue that country-specific factors i.e., home and host country factors also play a critical role in determining the entry mode strategies of family firms. Consequently, the researchers believe that these country-specific factors shall also be included in the complete model to understand the entry mode strategies of family firms. However, the focus of this study was to examine the role of peculiar family characteristics, business group-related factors and organisational factors in explaining the foreign market entry mode strategies of family firms. Thus, country-specific factors were outside the scope of this study. Consequently, it presents a great opportunity for the researchers in future to incorporate these home and host factors in the complete model in examining the family firms' entry mode strategies.

CHAPTER 10

SUMMARY, CONCLUSION AND RECOMMENDATIONS

10.1. Introduction

The pro-market reforms have intensified liberalisation and globalisation in emerging markets like India which is making internationalisation an important strategic decision for revitalisation of family firms (Ray et al., 2018). In India, the existence of increased competition in the post liberalisation era, did not stop family firms to grow and outperform in their businesses. They have successfully adapted to the changing business environment and have managed to retain their entrepreneurial spirit (Bang & Ramachandran, 2017). Family businesses are the core of the Indian economy. In India, the history of family businesses dates back to 1920s and 30s. India predominantly has family run businesses since every state and region in India has family business owned communities (Dewan, 2021). Globally, India stands at the third position in terms of family-owned businesses, only after China and the US (Credit Suisse Research Institute, 2018). Globally, out of the top 50 profitable family-owned businesses, 24 belongs to Asia and in Asia, amongst the top 30 premier family-owned firms, more than 15 belongs to India (Credit Suisse Research Institute, 2018). According to a survey done by EY and University of St. Gallan in 2023, 15 Indian family businesses are among the world's 500 largest family firms. The combined revenue of these 15 largest Indian family firms is US $365 billion, thus making India the fourth largest contributor (in terms of revenue) to the list of 500 largest family firms in the world. Reliance Industries Limited, an Indian family business conglomerate is among the top 10 in the list of 500 largest family firms in the world (Robertsson, 2023). Also, 73% of the top 500 firms listed on Bombay Stock Exchange are recognised as family (Nanda & Srivastava, 2012), contributing a total of 79% to the country's GDP (Sood, 2022). Thus, Indian family businesses are critical for nation's stability since they make significant

contribution to the nation's GDP and generates enormous employment opportunities (Dewan, 2021).

Family firms are treated differently due to the presence of "familiness" in family businesses which makes their strategies and decision-making process different from non-family firms. Familiness is defined as the "interaction between the family, its individual members, and the business" (Habbershon & Williams, 1999). Family firms are built on family values and principles and are deep rooted in kinship, trust, brotherhood, and integrity. These values and principles help them in building goodwill and trustworthy relationship in the society (Sood, 2022). Thus, due to these peculiar family characteristics, family firms exhibit different organisational behaviour, goals, investment preferences, and risk-taking propensity as compared to non-family firms (Kotlar et al., 2014). Consequently, it becomes imperative to understand the role of these peculiar family characteristics in family firms' decision-making process.

Although, in the past 15 years, the rapid development of emerging market firms has emerged as a dominant research theme in international business literature, the internationalisation of emerging market family firms have received scant research attention. The prior research studies on the internationalisation of family firms from an emerging economy like India had adopted a narrow approach, wherein, either the focus was solely on family-related factors (e.g., Ray et al., 2018) or solely on business-related factors (e.g., Singh & Kota, 2017). Thus, a comprehensive analysis of the factors affecting the internationalisation of Indian family firms was missing. Consequently, the present thesis addressed this gap. Thus, the study attempted to address this research theme by undertaking a holistic approach to analyse the impact of peculiar family characteristics, business group-related factors, and organisational factors on family firms' degree of internationalisation as well as their foreign market entry mode strategies from an emerging economy i.e., India.

10.2. Research Objectives

The following are the research objectives:

1. To analyse the patterns in the internationalisation of Indian family firms over the period 2008 to 2021
2. To evolve and measure factors that affect internationalisation of Indian family firms through qualitative methods
3. To model and estimate a mixed model based on qualitative and quantitative determinants of family-owned firms' OFDI in India
4. To assess the effect of these determinants on family firms' choice of foreign market mode of entry

Since, the focus of the Objective 1 is to understand the trends in the internationalisation of Indian family firms, the time period is taken as 2008 to 2021. However, the period of the study for Objectives 2, 3 and 4 are taken as 2020-21. The data for various peculiar family characteristics such as family members' involvement in board, SEW and family generation was not available for past years, hence, researchers had to limit the study to cross-sectional analysis for the FY 2020-21.

10.3. Data and Methodology

The study employed mixed-method approach to answer the research questions. At *Step 1*, *'Qualitative Research Approach'* was employed to explore the factors affecting the internationalisation of Indian family firms. Consequently, semi-structured, in-depth interviews of Indian family businesses were conducted to explore the factors affecting the internationalisation of Indian family firms. As prescribed by Coviello and Jones (2004), the present study focused on interviewing the directors and managers of the case firms who possess the most in-depth knowledge and understanding of the challenges faced by their organisations

in expanding abroad. Thus, at this stage, the data was collected through primary method, wherein, a total of 12 interviews were conducted, which included – 6 interviews of owners/directors/managers of small family businesses and 6 interviews of directors/managers/executives of large family firms. Finally, the interview transcripts were coded using the content analysis method to identify the factors which affect the internationalisation of Indian family firms.

Once, the factors affecting the internationalisation of Indian family firms were identified at Step 1, the *'Quantitative Research Approach'* was employed in *Step 2* to analyse the impact of these factors *(explored in Step 1)* on family firms' degree of internationalisation and their foreign market entry mode strategies. Factors identified in Step 1 were categorised in three themes – peculiar family characteristics, business group-related factors and organisational factors. Consequently, quantitative analysis was undertaken to examine the impact of these variables on a sample of 88 Indian family firms. At this stage, mixed-methods were employed to collect the data on these factors, wherein the data for some variables were collected through the quantitative method while for others it was collected through the qualitative method. The data for certain variables – family ownership, age of the family business group, business group affiliation, level of financial resources, and quality of human resources, were readily available in the Prowess database, hence quantitative method was adopted to collect data on these variables. The data for certain variables – family members' involvement in the board, SEW, family generation, international experience, board education, and board experience, were not available in any database. Consequently, the researchers created the data for these variables using the qualitative approach. Thus, the qualitative method aided in measuring those variables which are otherwise difficult to capture, particularly peculiar family characteristics. The data for family members' involvement in the board and family generation were created individually for each sample firm from the company website and annual reports. The data for international

experience was created through Principal Component Analysis (PCA) using three components – Breadth of Internationalisation (*Number of foreign countries in which the firm has subsidiaries*), Depth of Internationalisation (*Number of years for which the family firm is present in foreign countries*), and number of foreign subsidiaries that a family firm has. The data for these components were collected through RBI's monthly reports on "Data on Overseas Investment". The data for board education and board experience were created individually for each sample firm from the company websites and annual reports. Finally, the data for SEW were created through the content analysis of the Chairman's message in the annual reports. The Chairman's message was collected for each of the sample firms from annual reports. Each paragraph of the Chairman's message was coded along the FIBER dimensions of SEW proposed by (Berrone et al., 2012). Paragraphs highlighting "F (Family Control and Influence)" dimension were coded as 1, paragraphs with "I (Family Members' Identification with the Firm)" dimension were coded as 2, "B (Binding Social Ties)" as 3, "E (Emotional Attachment)" as 4 and "R (Renewal of Family Bonds to the Firm through Dynastic Succession)" as 5. Paragraphs which did not relate to any of these FIBER dimensions were coded 0 and were excluded from the analysis. Also, multiple codes were assigned to the paragraphs if they referred to more than one dimension. Finally, SEW scores were calculated for each of the sample firms wherein the number of paragraphs coded was expressed as the percentage of the total number of paragraphs in the Chairman's Message.

Once the data for all these variables were collected through quantitative and qualitative method, the study employed the regression analysis method to analyse the impact of these variables on the internationalisation of Indian family firms for the period FY 2020-21. For *Objective 3*, the study first employed the generalised linear model to analyse the impact of peculiar family characteristics, business group-related factors and organisational factors on family firms' degree of internationalisation. Further, in Objective 3, the study then employed the Generalised

Binary Logistic Regression for robustness checks. Logistic regression gives the odds ratio which is the ratio of probability of success to the probability of failure. Thus, besides robustness checks, logistic regression helped in identifying the aspects on which less successful companies (that engage in less ODFI) shall look up to successful companies (that undertake high OFDI) in order to achieve higher level of internationalisation. It helps in calculating the probability by which less successful companies shall improve in order to be at par with successful companies in terms of their degree of internationalisation. Finally, for *Objective 4*, the study employed generalised binary logit model to analyse the impact of these independent variables on family firms' foreign market entry mode strategies. The dependent variable, i.e., entry mode strategies, was categorised as 1 for Wholly-owned Subsidiary (WOS) entry mode and 0 for Joint Venture (JV). *Figure 10.1* represents the summary of data and methodology.

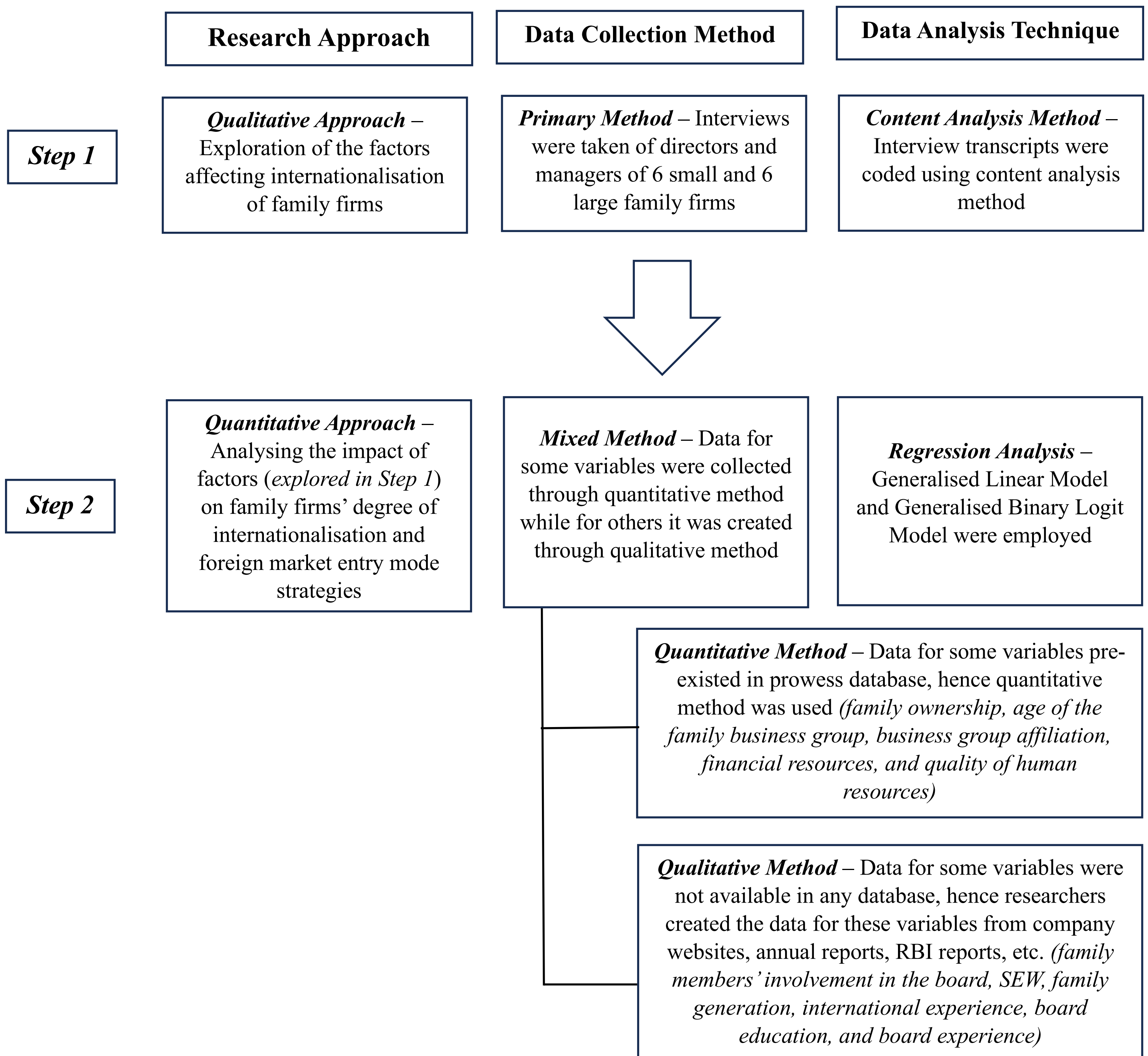


Figure 10.1: Summary of Data and Methodology

10.3.1. Conceptual Framework and Hypotheses

Based on the results of the interview analysis, various factors were identified that affect the Indian family firms' degree of internationalisation and their foreign market entry mode choice. The factors identified were classified into various themes. These are **Peculiar Family Characteristics** *(Family Control, Family Members' Involvement, SEW, Family Generation)*;

Business Group Related Factors *(Age of the Business Group, Business Group Affiliation)*; **Organisational factors** *(Financial Resources, Quality of Human Resources, International Experience, Board Experience, Board Education)*. Thus, *Figure 10.2* presents the holistic framework explaining the internationalisation of Indian family firms.

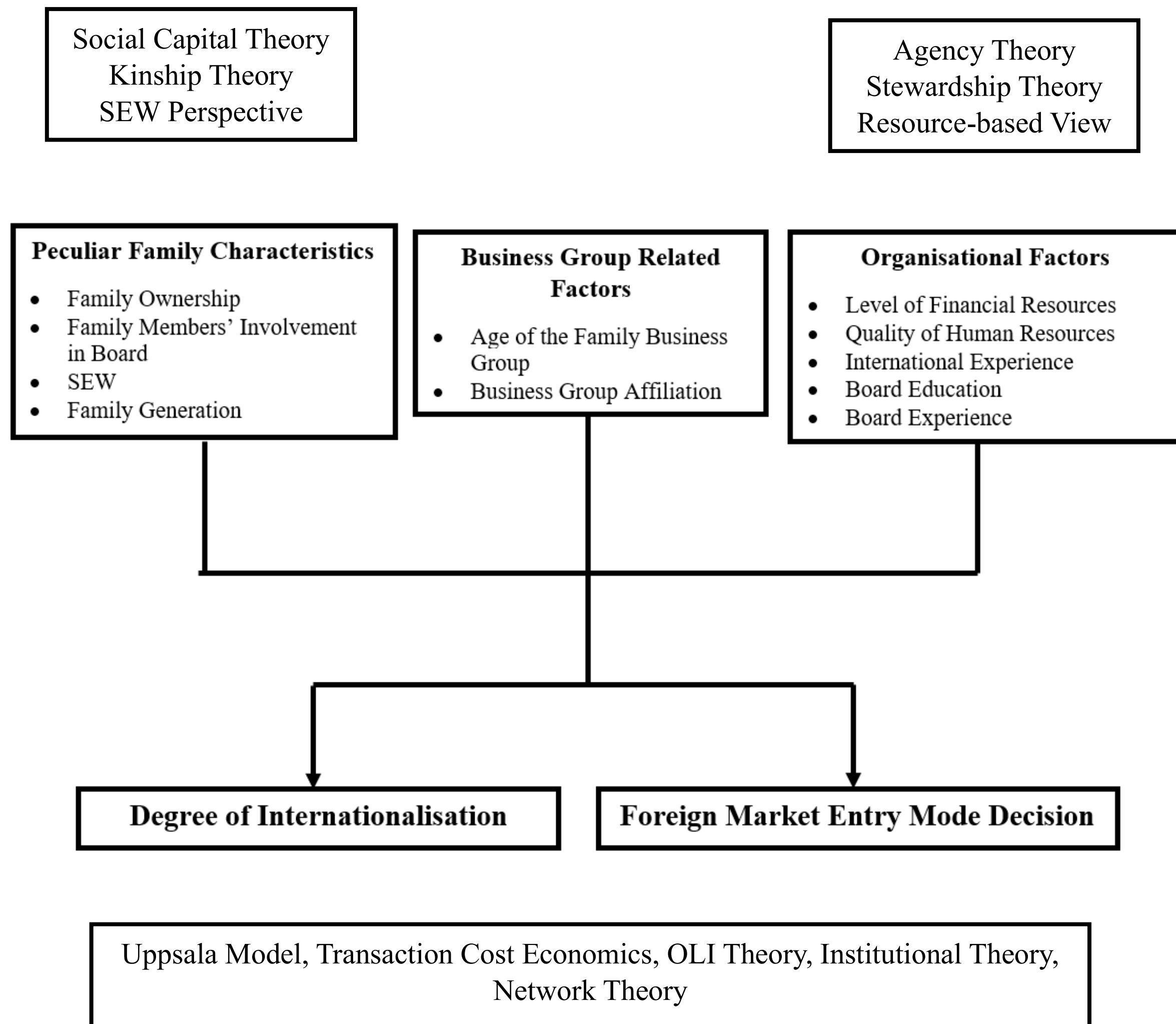


Figure 10.2: Conceptual Framework for Internationalisation of Indian Family Firms

- Based upon this conceptual framework, the study presents the following hypotheses for family firms' degree of internationalisation as well as their foreign market entry mode strategies:

H1a. Family Ownership has a significant negative impact on family firms' degree of internationalisation

H1b. As Family Ownership in the firm increases, they exhibit a greater preference to enter foreign market via WOS than JV

H2a. Family members' involvement has a significant negative impact on family firms' degree of internationalisation

H2b. As Family Members' Involvement in the increases, they exhibit a greater preference to enter foreign market via WOS than JV

H3a. SEW has a significant negative impact on family firms' degree of internationalisation

H3b. As family firms SEW increases, they exhibit a greater preference to enter foreign market via WOS than JV

H4a. Presence of multiple generation family members has a significant impact on family firms' degree of internationalisation

H4b. As the presence of multiple generation family members in the firm increases, they exhibit a greater preference to enter foreign market via WOS than JV

H5a. Age of the family business group has a significant impact on family firms' degree of internationalisation

H5b. As the age of the family business group increases, they exhibit a greater preference to enter foreign market via WOS than JV

H6a. Business group affiliation has a significant positive impact on family firms' degree of internationalisation

H6b. Business group affiliated family firms will exhibit a greater preference to enter foreign market via WOS than JV

H7a. Level of Financial Resources has a significant positive impact on family firms' degree of internationalisation

H7b. As the level of financial resources in the family firms increases, they exhibit a greater preference to enter foreign market via WOS than JV

H8a. Quality of human resources has a significant positive impact on family firms' degree of internationalisation

H8b. As the quality of human resources in the family firms increases, they exhibit a greater preference to enter foreign market via WOS than JV

H9a. International Experience has a significant positive impact on family firms' degree of internationalisation

H9b. As the family firms' international experience increases, they exhibit a greater preference to enter foreign market via WOS than JV

H10a. Board Education has a significant positive impact on family firms' degree of internationalisation

H10b. As the family firms' board education increases, they exhibit a greater preference to enter foreign market via WOS than JV

H11a. Board Experience has a significant positive impact on family firms' degree of internationalisation

H11b. As the family firms' board experience increases, they exhibit a greater preference to enter foreign market via WOS than JV

10.4. Findings and Discussion

As mentioned, although India stands at the third position in terms of number of family-owned businesses, there is dearth of literature on the internationalisation of Indian family firms. To the best of the researcher's knowledge, there is no research yet, which holistically explores and examines the impact of the factors affecting the internationalisation of Indian family firms. Thus, the factors that determine the internationalisation of Indian family firms are still unknown. Consequently, the thesis began by first identifying the factors that affect the internationalisation of Indian family firms, and then analysing the impact of these factors on Indian family firms' degree of internationalisation and their foreign market entry mode strategies. Thus, the study employed the mixed methodology approach wherein, first qualitative research approach was employed to explore these factors and then quantitative research approach was employed to analyse the impact of these factors on family firms' internationalisation. *Table 10.1* provides the objective-wise findings.

Table 10.1: Objective-wise Findings

Objective	Methodology	Findings
RO 1 → To identify the patterns in the internationalisation of Indian family firms over the period 2008 to 2021	Descriptive Analysis	• OFDI by Indian family firms are going into 75 countries globally • Top 10 countries receiving OFDI from Indian family firms are developed nations • OFDI by Indian family firms are going into a total of 17 sectors globally (manufacturing is at the top)

		• Indian family firms prefer to enter foreign markets via WOS than JV
RO 2 → To evolve and measure factors that affect internationalisation of Indian family firms through qualitative methods	• ***Primary Data Collection Method*** – In-depth Interviews were conducted • ***Content Analysis Method*** – Interviews were analysed using content analysis method	• Identified the 3 broad themes that affect the internationalisation of small and large Indian family firms – *peculiar family characteristics, business group related factors and organisational factors* • Factors behave differently in family SMEs in comparison to large family firms • Peculiar family characteristics play a greater role in the internationalisation of family SMEs in comparison to large family firms • Business group related factors and organisational factors play a greater role in the internationalisation of large family firms
RO 3 → To model and estimate a mixed model based on qualitative and quantitative determinants of family-owned firms' OFDI in India	• ***Data Collection*** **–** Mixed Methods: ❖ **Quantitative Method** - Data for some variables pre-existed in prowess database, hence quantitative method was used ❖ **Qualitative Method** - Data for some variables were not available in any database, hence researchers created the data for these variables from company websites, annual reports, RBI reports, etc. • ***Data Analysis*** – Generalised Linear Model and Generalised Binary Logit Model were employed	• With respect to ***peculiar family characteristics***, family members' involvement in board, SEW and family generation have a significant impact on family firms' degree of internationalisation • With respect to ***business group related factors***, age of the family business group has a significant impact on family firms' degree of internationalisation • With respect to ***organisational factors***, quality of human resources and international experience have a significant impact on family firms' degree of internationalisation
RO 4 → To assess the effect of these determinants on family firms' choice of foreign market mode of entry	• ***Data Collection*** **–** Mixed Methods: ❖ **Quantitative Method** – Data for some variables pre-existed in prowess database, hence quantitative method was used ❖ **Qualitative Method** – Data for some variables were not available in any database, hence researchers created the data for these variables from company	• Overall model for family firms' foreign market entry mode choice is not significant • None of the independent variables has a significant impact in determining the entry mode strategies of family firms • The complete model requires more variables in order to explain

	websites, annual reports, RBI reports, etc. • ***Data Analysis*** – Generalised Binary Logit Model were employed	the entry mode decisions of family firms

- ***Results of Exploratory Analysis***

At the preliminary stage, the study undertook an exploratory analysis to identify the factors that affect the internationalisation of Indian family firms, the results of which are presented in Chapter 6 of the thesis. The interviews of directors/managers/owners of small and large family firms were taken to identify such factors. The content analysis of the in-depth interviews yielded with various factors which were categorised into four themes. These themes *(and factors)* are – Peculiar Family Characteristics *(Family Control, Family Members' Involvement, SEW, Family Generation)*; Societal Factors *(Indian Culture and Indian Caste System)*; Business Group Related Factors *(Age of the Business Group, Business Group Affiliation)*; Organisational factors *(Financial Resources, Quality of Human Resources, International Experience, Board Experience, Board Education)*.

The content analysis revealed that these factors behave differently in family SMEs in comparison to large family firms. Consequently, the extent to which these factors play a role in the internationalisation decisions of family SMEs vs large family firms also differ. It was observed that peculiar family characteristics such as family control, family bonds, emotions, relationships, etc. play a greater role in family SMEs. This is because, family SMEs are characterised with greater involvement of family members in firms' decision-making process, hence these factors hold greater predominance in family SMEs. Similarly, family SMEs exhibit a greater degree of family control since family members hold majority family ownership in the business and are actively involved in managing the firm's operations. While in large family firms, beyond a particular juncture, it become difficult for family members to manage the

operations of the firm. Hence, they tend to employ non-family members from outside to manage the firm's operations. Consequently, they are characterised with a lower degree of "familiness" wherein peculiar family characteristics become less significant and other firm-related factors start playing a greater role. Thus, peculiar family characteristics do play a major role in the internationalisation of large family firms also, but they play a greater role in the internationalisation of small family firms.

Further, it was observed that business group-related factors and organisational factors play an important role in the internationalisation of large family firms. However, the results of the interview analysis indicated that societal factors such as Indian culture and Indian caste system do not play any role in determining the internationalisation decisions of large family firms. Since, the objective of the present thesis is to understand the internationalisation of large family firms, the study takes those factors that play a key role in determining the internationalisation decisions of large family firms. Thus, the researchers skip societal factors in the conceptual framework and include peculiar family characteristics, business group-related factors and organisational factors in determining the internationalisation of large Indian family firms.

- ***Results of Quantitative Analysis***

Once these factors were identified, the quantitative research approach was undertaken to analyse the impact of these factors on Indian family firms' degree of internationalisation as well as their foreign market entry mode choice. For this purpose, first mixed methods were employed to collect data on these identified factors. As mentioned above, mixed methods were employed because data for some variables was collected through the quantitative method while for others it was collected through the qualitative method (the variables were created). Once the data for these variables were collected, the study employed generalised linear model and generalised binary logit model to analyse the impact of these variables on family firms' degree

of internationalisation. Further, the study employed generalised binary logit model to examine the impact of these variables on family firms' foreign market entry mode choice.

a. Results of Family Firms' Degree of Internationalisation

The results for family firms' degree of internationalisation indicate that all these factors i.e., peculiar family characteristics, business group-related factors and organisational factors play a significant role in determining the Indian family firms' degree of internationalisation. *Table 10.2* present the ranking of the variables based on their beta coefficients affecting the Indian family firms' degree of Internationalisation.

Table 10.2: Ranking of the Variables affecting Family Firms' Internationalisation

Rank	Variable	Beta Coefficient
1	Family Members' Involvement	1.930 (-)
2	Family Generation	0.859 (+)
3	Age of the Business Group	0.752 (-)
4	Quality of Human Resources	0.276 (+)
5	International Experience	0.205 (+)
6	Board Experience	0.089 (-)
7	SEW	0.007 (+)

The ranking of the variables indicates that the most important variable in explaining the internationalisation of family firms is family members' involvement on board. Consequently, it is observed the presence of "familiness" in family firms distinguishes their internationalisation decisions from that of non-family firms. The greater the presence of family members on firms' board, the lower is the family firms' degree of internationalisation. This is because, family members have the fear of family wealth erosion and dilution of family control. They realise that internationalisation will demand the employment of external financial and human resources. The presence of external funds and human resources will dilute the family control and wealth in the business. Thus, they are unwilling to undertake resource demanding activities like internationalisation. The ranking is followed by family generation, age of the

business group, quality of human resources, international experience, board experience and SEW. The results indicate that SEW has a significant but small impact on the internationalisation of large family firms. This is in line with the results of the interview analysis, wherein it was observed that although social factors such as emotional bond between the family members, family values, etc. play an important role in determining the decisions of family SMEs, they do not take a front seat while explaining the internationalisation of large family firms. In comparison to large family firms, social factors play a greater role in family SMEs because these family SMEs are more close-knitted family firms. When a family firm grows in size, the significance of these social factors reduces while that of organisational factors such as human resources, international experience, etc. increases in influencing the family firms' decision-making process. This is because, as the size of the family firm grows, degree of "familiness" in the family firm reduces since various external non-family members start influencing the decisions of the family firm. Thus, the decision-making in large family firms appear to be guided more by economic considerations than family considerations.

Further, family ownership, one of the important peculiar family characteristics, does not play a significant role in determining the internationalisation decisions of Indian family firms. Thus, this finding in itself raises a question on the definition of family firms. *Is family ownership solitary enough to define a family business? Or is it also important to ensure the involvement of the family members in the firm's operations?* Various researchers in past (e.g., Basly, 2007; Boellis et al., 2016; Pogelli et al., 2019) have defined family firms merely on the basis of family ownership. It becomes imperative to understand that mere family ownership in the business without the involvement of family members in the firm's operations does not imply the family control in the business. Family ownership alone does not imply that family is influencing the decision-making of the organisation. Thus, active involvement of family members in the firm's operations play a crucial role in determining the "familiness" in the business. Such involvement

distinguishes a family firm from that of a non-family firm and determines the degree to which the family influences the decision-making of the organisation.

b. Results of Family Firms' Foreign Market Entry Mode Choice

The results for family firms' foreign market entry mode choice indicate that the overall model is not significant since the p-value is not less than 0.15. Further, none of the independent variables has a significant impact in determining the entry mode strategies of family firms. Thus, it was observed that a complete model requires more variables in order to explain the entry mode decisions of family firms. Perhaps these entry mode decisions are based on host and home country factors. Various theoretical perspectives such as institutional theory, OLI framework, etc. argues that the institutional factors in a country and location-specific factors also determine the entry mode decisions of family firms. Consequently, it is believed that these country-specific factors should be included in the complete model to understand the entry mode strategies of family firms. However, the focus of this study was to examine the role of peculiar family characteristics, business group-related factors and organisational factors in explaining the foreign market entry mode strategies of family firms. Thus, country-specific factors were outside the scope of this study. Consequently, it presents a great opportunity for the researchers in future to incorporate these home and host factors in the complete model to examine the family firms' entry mode strategies.

10.5. Implications and Recommendations

Based on the results discussed above, the study provides the finding-wise implications. The results of logit regression help in devising the strategies that shall be adopted by less successful family firms (those undertaking less OFDI) in order to undertake more OFDI. Consequently, the analysis helps in presenting implications for the family business managers/owners of the less successful family firms. The finding-wise implications are as follows:

a. With every increase in family member on firm's board, the odds of high OFDI decrease by 1 time. This implies that the presence of family members on firms' board reduces the OFDI of successful family firms by 1 time in comparison to less successful family firms. Thus, family business managers/owners of less successful family firms are recommended to ***employ external professional managers*** to handle the complexities associated with foreign markets. Such external professional managers bring the required expertise, skills and knowledge which helps in smooth internationalisation of family firms. Family managers are more concerned about protecting family interests as well as SEW. Since a large proportion of family members' wealth is tied up in the firm, family managers exhibit a greater risk-averse behaviour and thus are unwilling to undertake risky activities like internationalisation. The presence of non-family members on board helps in sharing the risks with the family members, thereby helping in internationalising.
b. The findings indicate that family ownership does not play a significant role in determining the internationalisation decisions of Indian family firms. Even if the family ownership in the business increases, it does not imply the greater family control in the business. It is in fact family members' involvement in board that plays a very important role in influencing the internationalisation decisions of Indian family firms. Consequently, the extent of "familiness" in the business is determined significantly by the involvement of family members in firm's operations. Thus, it implies that in order to reduce the family control in the business, family business managers/owners of less successful family businesses shall be more careful about the family members' involvement in business rather than family ownership.
c. With every increase in Socioemotional Wealth (SEW), the odds of high OFDI increase by 0.049 times. The increase in SEW, increases the OFDI of successful family firms by

0.049 times in comparison to less successful family firms. Consequently, family business managers/owners of less successful companies are recommended to ***work on their socioemotional ties*** to succeed in international markets. SEW endowment will enhance the social standing and reputation of less successful family firms in the market, thus, leading to greater degree of internationalisation. Since family firms place greater emphasis on building their reputation and social standing in the market, it helps them in internationalising their operations abroad. This is because business partners choose to deal with a family business when it is run by a trustworthy family and has a good reputation in the market.

d. The presence of each multiple generation family members increases the odds of high OFDI by 12.798 times. The presence of multiple-generation family members increases the OFDI of successful family firms by 12.798 times in comparison to less successful family firms. This implies that family business managers/owners of less successful family firms can emulate successful family firms by ***having diverse skills, perspectives and experience of multiple generation family members*** on the firm's board. The younger generation family members being relatively less risk averse and dynamic do not hesitate to scout for internationalisation opportunities. The presence of younger generation helps in dispelling the fear of the older generation in expanding abroad. Consequently, it complements the greater experience of older generation family members and their risk-averse behaviour. Thus, the combination of multiple generations provides a balance to the family firm and leads to smooth internationalisation operations.

e. With every increase in age of the family business group, the odds of high OFDI decreases by 0.947 times. Family business managers/owners of less successful family businesses are recommended to ***take cues from the strategies of new age family***

business houses in order to successfully internationalise their operations abroad. This may be because new-age industrial houses are more dynamic in nature. They are willing to undertake more risks, hence they are able to undertake risky activities like internationalisation.

f. With every additional risk undertaken by family businesses, the odds of high OFDI increase by 1.303 times. The risk-taking ability increases the OFDI of successful family firms by 1.303 times in comparison to less successful family firms. Family business managers/owners of less successful family firms may consider taking calculated risk in order to increase their degree of internationalisation in order to emulate successful family firms.

g. With every increase in experienced and skilled human resources, the odds of high OFDI increase by 3.092 times. The presence of experienced and skilled human resources increases the OFDI of successful family firms by 3.092 times in comparison to less successful family businesses. This suggests that family business managers/owners of less successful family firms can improve their internationalisation performance ***by recruiting external professional human resources*** with required skills and knowledge. Experienced external human resources help in diminishing the family firms' risk averse behaviour and bring in the required expertise and knowledge indispensable for family firms' internationalisation. They make performance goals and business consideration a primary concern (as compared to rampant SEW consideration in family firms) and thus promote neutral decision-making in the family business.

h. With every increase in international experience, the odds of high OFDI increase by 1.128 times. The increase in international experience, increases the OFDI of successful family firms by 1.128 times in comparison to less successful family firms. Family business managers/owners of less successful family firms can emulate successful

family firms ***by improving their international experience***. International experience creates experiential learning which facilitates the rapid internationalisation of organisations. Lack of international experience can bring even more challenges for family firms due to their limited liquidity.

10.6. Contribution of the Study

The study has several contributions:

a. The systematic literature review presented in Chapter 3 and Chapter 4 concluded that there is dearth of literature on the internationalisation of Indian family firms. The factors affecting the internationalisation of Indian family firms are still unknown. Thus, the study fills the gap in the literature on internationalisation of Indian family firms by exploring and analysing the impact of various variables on the internationalisation of Indian family firms. Indian family firms might behave differently from that of family firms abroad due to differences in culture and beliefs. India represents a rich and magnificent history of family-owned businesses. In India, the family business is a tradition that dates back to several hundred years in the economy. The practice of an Indian joint family makes the family business model different in India. Indian family businessmen such as Jamsetji Tata believed that his business group should contribute towards nation-building. He cared deeply about his nation and believed that the fruits of his business success would enrich his country. Thus, Indian family businesses are deeply rooted in Indian culture and society. The socioemotional wealth of Indian family businesses may not be same as SEW of family firms from other nations. Thus, such peculiarities in Indian family firms makes them different from family firms abroad. Consequently, the study contributes in analysing the impact of the factors that help in explaining the internationalisation of Indian family firms.

b. The theoretical perspectives presented in Chapter 5 and exploration of the factors presented in Chapter 6 led to the observation that the internationalisation process of family firms can be best understood at the intersection of family business related, firm related, business group related and international business (IB) related theoretical and analytical perspectives. The integration of various perspectives is imperative in providing a deeper and holistic understanding of how characteristics at various levels affect the internationalisation of Indian family firms. Thus, the study fills this gap by developing and testing a holistic framework explaining the internationalisation of Indian family firms. To the best of the researcher's knowledge, there is no thesis yet, which holistically explores and examines the impact of the factors affecting the internationalisation of Indian family firms. The inter-mingling of theories from various disciplines complements each other in determining the internationalisation strategies of family firms. For instance, family business-related theories like social capital theory, kinship theory, etc. captures the role of social factors like SEW, family bonds and relationships, etc. in the internationalisation decisions of family firms. Further, firm-related theories like agency and stewardship theory captures the role family control in the internationalisation decisions and RBV explains the role of organisational resources such financial resources, human resources, etc. in determining the internationalisation decisions of family firms. Thus, such integration provides a deeper and holistic understanding of the internationalisation of Indian family firms.

c. Further, the contribution of the study lies in employing mixed methodology in order to handle the research problem. The mixed methodology helps in capitalising the benefits of both qualitative as well as quantitative approaches. Since, there is no adequate literature or theory explaining the internationalisation of Indian family firms, qualitative approach was employed to identify the factors that play a role in explaining

the internationalisation of Indian family firms. Further, quantitative approach was employed to analyse the impact of these factors on internationalisation of Indian family firms. The quantitative analysis provided a general picture of the research problem. Thus, the mixed methodology helped in thoroughly understanding the internationalisation of family firms from emerging economies.

d. Next, the contribution of the study lies in measuring variables through mixed methods wherein, certain variables were measured through quantitative method while others were measured through qualitative method. The qualitative method of data collection was adopted to measure those variables which are otherwise difficult to capture. For instance, data on peculiar family characteristics such as SEW, family generation and family members' involvement in board were not readily available in any database. Hence, qualitative method was adopted to create data on such variables. The first one is SEW, which is captured through the content analysis of the Chairman's message along the FIBER dimensions. The content analysis helps in capturing all the dimensions of SEW, thus leading to a better analysis. None of the prior studies have employed content analysis to capture SEW of the Indian family firms. Further, the data on the variables like family generation and family members' involvement on board were created individually for each sample firm from the company website and annual reports. The data on certain firm-related variables such as board education, international experience, etc. were also not readily available in any database. Hence, the data for these variables were created from RBI reports, company websites and annual reports. Consequently, the inclusion of such variables helped in creating a holistic framework in explaining the internationalisation of Indian family firms.

e. Finally, the results of the analysis presented important implications for the managers and owners of the less successful family firms i.e., the family firms with lower levels

of OFDI. The results of generalised binary logit regression highlighted the areas in which less successful family firms shall improve themselves in order to emulate successful family firms in terms of internationalisation. It is observed that family managers/owners in less successful family firms have the fear of wealth erosion and dilution of family control. Consequently, they are unwilling to employ external financial and human resources since it will dilute the family control in the business. Thus, it becomes imperative for these less successful family firms to realise that internationalisation is a resource commitment activity which demands greater pool of financial resources and talented human resources. Consequently, it becomes imperative for the family business managers to ensure that there is a good balance between family and non-family members on board such that they are able to preserve the "familiness" in the firm and at the same time they are able to take the advantages of the skills, knowledge and expertise of the non-family managers.

10.7. Limitations of the Study

The study has the following limitations:

a. The data for various peculiar family characteristics was not available for the past years, hence, researchers had to limit the study to cross-sectional analysis for the FY 2020-21 rather than undertaking a panel data analysis. For instance, data for family members' involvement in board, SEW and family generation was not available for past years.
b. Due to the unavailability of data with respect to small family firms, the researchers could not empirically undertake the comparison of the factors impacting the internationalisation of large vs small family firms

c. Due to the unavailability of the data, the researchers could not capture certain important variables like the degree of innovation which they believe play an important role in determining the internationalisation decisions of firms.
d. Due to the data limitation, the entry mode data was limited to WOS and JV.

10.8. Future Research Scope

The study proposes the following as the future research scope:

a. Due to the limited scope of the study wherein institutional and industry factors were not incorporated to understand the factors affecting mode of entry decision of family firms, the researchers can focus on building a complete model that explains the entry mode decisions of family firms.
b. A study on various family firms over years shall better capture the nuances of change in behaviour and strategies of firms. Hence, future researchers can undertake panel data analysis in order to get a better understanding of the factors affecting the internationalisation of Indian family firms.
c. Due to the vast differences in firms from emerging and developed markets, it will be worthwhile for future researchers to undertake a cross-country examination in order to understand the internationalisation of family firms from emerging economies vs developed economies.
d. A comparison of large and small family firms could not be captured in the present study due to data limitation, which can offer greater insights into the internationalisation strategies of these firms. This offers another future scope of study.

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APPENDIX

Appendix I: List of Sample Firms

S.No.	Indian Family Firm	Family Name
1	A P L Apollo Tubes Limited	Gupta Family
2	Adani Green Energy Limited	Adani Family
3	Adani Ports & Special Economic Zone Limited	Adani Family
4	Alembic Pharmaceuticals Limited	Amin Family
5	Alkem Laboratories Limited	Singh Family
6	Astral Poly Technik Limited	Enginner Family
7	Aurobindo Pharma Limited	Reddy Family
8	Avanti Feeds Limited	Alluri Family
9	Balkrishna Industries Limited	Poddar Family
10	Bharat Forge Limited	Kalyani Family
11	Bharti Airtel Limited	Mittal Family
12	Biocon Limited	Mazumdar Family
13	Bliss G V S Pharma Limited	Kamath Family
14	Blue Star Limited	Advani Family
15	Bombay Burmah Trading Corporation Limited	Wadia Family
16	Cadila Healthcare Limited	Patel Family
17	Caplin Point Laboratories Limited	Paarthipan Family
18	Century Plyboards (India) Limited	Aggarwal Family
19	Chambal Fertilisers & Chemicals Limited	Birla Family
20	Cipla Limited	Hamied Family
21	Cyient Limited	Reddy Family
22	Dr. Lal Pathlabs Limited	Lal Family
23	Eclerx Services Limited	Mundra Family
24	Eicher Motors Limited	Lal Family
25	F D C Limited	Chandavarkar Family
26	G M M Pfaudler Limited	Patel Family
27	G M R Infrastructure Limited	Grandhi Family
28	Garware Technical Fibres Limited	Garware Family
29	Glenmark Pharmaceuticals Limited	Saldanha Family
30	Godrej Consumer Products Limited	Godrej Family
31	Granules India Limited	Chigurpati Family
32	H C L Technologies Limited	Nadar Family
33	Hero Motocorp Limited	Munjal Family
34	Hindalco Industries Limited	Birla Family
35	Infibeam Avenues Limited	Mehta Family
36	Interglobe Aviation Limited	Bhatia Family
37	J K Cement Limited	Singhania Family
38	J K Paper Limited	Singhania Family
39	J S W Steel Limited	Jindal Family

40	Jindal Saw Limited	Jindal Family
41	Jindal Steel & Power Limited	Jindal Family
42	Jubilant Foodworks Limited	Bhartia Family
43	K E C International Limited	Goenka Family
44	K P R Mill Limited	Ramasamy Family
45	Kalpataru Power Transmission Limited	Munot Family
46	Kei Industries Limited	Gupta Family
47	Laurus Labs Limited	Chava Family
48	Lupin Limited	Gupta Family
49	Maharashtra Seamless Limited	Jindal Family
50	Marico Limited	Mariwala Family
51	Minda Corporation Limited	Minda Family
52	Motherson Sumi Systems Limited	Sehgal Family
53	Natco Pharma Limited	Nannapaneni Family
54	Nava Bharat Ventures Limited	Devineni Family
55	Navin Fluorine Intl. Limited	Mafatlal Family
56	Pidilite Industries Limited	Parekh Family
57	Piramal Enterprises Limited	Piramal Family
58	Polycab India Limited	Jaisinghani Family
59	Reliance Industries Limited	Ambani Family
60	S H Kelkar & Co. Limited	Vaze Family
61	S R F Limited	Ram Family
62	Sheela Foam Limited	Gautam Family
63	Shilpa Medicare Limited	Inani Family
64	Shree Cement Limited	Bangur Family
65	Solar Industries India Limited	Nuwal Faamily
66	Sonata Software Limited	Raheja Family
67	Sterling & Wilson Solar Limited	Mistry Family
68	Sudarshan Chemical Industries Limited	Rathi Family
69	Sun Pharmaceutical Industries Limited	Sanghvi Family
70	Suven Life Sciences Limited	Jasti Family
71	Symphony Limited	Bakeri Family
72	T T K Prestige Limited	TTK family
73	T V S Motor Co. Limited	TVS family
74	Tata Chemicals Limited	Tata Family
75	Tata Motors Limited	Tata Family
76	Tata Steel Limited	Tata Family
77	Tech Mahindra Limited	Mahindra Family
78	Thermax Limited	Pudeemji Family
79	Time Technoplast Limited	Jain Family
80	Titan Company Limited	Tata Family
81	Torrent Pharmaceuticals Limited	Mehta Family
82	Trent Limited	Tata Family
83	Ultratech Cement Limited	Birla Family
84	V I P Industries Limited	Piramal Family
85	Varroc Engineering Limited	Jain Family

86	Varun Beverages Limited	Jaipuria Family
87	Welspun India Limited	Goenka Family
88	Wipro Limited	Premji Family

Appendix II: Internationalisation Data of Sample Firms for 2020-21

S.No.	Indian Family Firm	OFDI (USD Million)	Entry Mode
1	A P L Apollo Tubes Limited	2.7230	WOS
2	Adani Green Energy Limited	20.0000	WOS
3	Adani Ports & Special Economic Zone Limited	85.1214	WOS
4	Alembic Pharmaceuticals Limited	5.0000	WOS
5	Alkem Laboratories Limited	29.4335	WOS
6	Astral Poly Technik Limited	1.9700	JV
7	Aurobindo Pharma Limited	13.4136	JV
8	Avanti Feeds Limited	0.1070	JV
9	Balkrishna Industries Limited	14.9983	WOS
10	Bharat Forge Limited	18.7763	WOS
11	Bharti Airtel Limited	750.0001	JV
12	Biocon Limited	18.8000	WOS
13	Bliss G V S Pharma Limited	2.6000	WOS
14	Blue Star Limited	2.7230	WOS
15	Bombay Burmah Trading Corporation Limited	12.1901	WOS
16	Cadila Healthcare Limited	340.0000	WOS
17	Caplin Point Laboratories Limited	0.1000	WOS
18	Century Plyboards (India) Limited	0.4018	WOS
19	Chambal Fertilisers & Chemicals Limited	8.0000	JV
20	Cipla Limited	164.7900	WOS
21	Cyient Limited	17.6655	WOS
22	Dr. Lal Pathlabs Limited	0.5436	WOS
23	Eclerx Services Limited	33.8950	WOS
24	Eicher Motors Limited	2.7600	WOS
25	F D C Limited	1.0509	JV
26	G M M Pfaudler Limited	45.3474	JV
27	G M R Infrastructure Limited	116.5726	JV
28	Garware Technical Fibres Limited	6.1000	WOS
29	Glenmark Pharmaceuticals Limited	180.8796	WOS
30	Godrej Consumer Products Limited	187.7500	WOS
31	Granules India Limited	4.0000	WOS
32	H C L Technologies Limited	707.1899	WOS
33	Hero Motocorp Limited	1.9644	WOS
34	Hindalco Industries Limited	0.1000	WOS
35	Infibeam Avenues Limited	1.2501	WOS
36	Interglobe Aviation Limited	49.8448	JV
37	J K Cement Limited	15.8400	WOS

38	J K Paper Limited	0.0200	WOS
39	J S W Steel Limited	1016.8996	WOS
40	Jindal Saw Limited	20.9671	WOS
41	Jindal Steel & Power Limited	16.7250	WOS
42	Jubilant Foodworks Limited	36.3908	WOS
43	K E C International Limited	78.3632	WOS
44	K P R Mill Limited	0.5500	WOS
45	Kalpataru Power Transmission Limited	0.8142	WOS
46	Kei Industries Limited	0.0069	WOS
47	Laurus Labs Limited	0.0052	WOS
48	Lupin Limited	655.0009	WOS
49	Maharashtra Seamless Limited	61.2400	WOS
50	Marico Limited	31.2730	WOS
51	Minda Corporation Limited	0.0000	WOS
52	Motherson Sumi Systems Limited	461.8226	WOS
53	Natco Pharma Limited	9.0682	JV
54	Nava Bharat Ventures Limited	0.7370	WOS
55	Navin Fluorine Intl. Limited	0.2000	WOS
56	Pidilite Industries Limited	6.9875	JV
57	Piramal Enterprises Limited	312.1000	JV
58	Polycab India Limited	0.4499	WOS
59	Reliance Industries Limited	121.4312	JV
60	S H Kelkar & Co. Limited	28.8834	WOS
61	S R F Limited	98.0023	WOS
62	Sheela Foam Limited	0.0811	WOS
63	Shilpa Medicare Limited	4.3165	WOS
64	Shree Cement Limited	15.0000	WOS
65	Solar Industries India Limited	51.5000	WOS
66	Sonata Software Limited	1.3724	WOS
67	Sterling & Wilson Solar Limited	101.7305	WOS
68	Sudarshan Chemical Industries Limited	0.7002	WOS
69	Sun Pharmaceutical Industries Limited	100.0000	JV
70	Suven Life Sciences Limited	8.0000	WOS
71	Symphony Limited	10.8506	WOS
72	T T K Prestige Limited	7.8492	WOS
73	T V S Motor Co. Limited	56.1136	WOS
74	Tata Chemicals Limited	172.3459	WOS
75	Tata Motors Limited	3.0967	WOS
76	Tata Steel Limited	1200.0000	WOS
77	Tech Mahindra Limited	13.5320	WOS
78	Thermax Limited	3.2895	WOS
79	Time Technoplast Limited	3.5000	WOS
80	Titan Company Limited	12.0927	WOS
81	Torrent Pharmaceuticals Limited	0.4999	WOS
82	Trent Limited	0.0500	WOS
83	Ultratech Cement Limited	358.5000	WOS

84	V I P Industries Limited	3.1500	WOS
85	Varroc Engineering Limited	26.1502	WOS
86	Varun Beverages Limited	19.2095	JV
87	Welspun India Limited	0.1099	JV
88	Wipro Limited	241.6202	JV

Note: WOS → Wholly-owned Subsidiary; JV → Joint Venture

Appendix III: Industry and State of Registered Office of Sample Firms

S.No.	Indian Family Firm	Industry	State
1	A P L Apollo Tubes Limited	Materials	NCT of Delhi
2	Adani Green Energy Limited	Energy & Utilities	Gujarat
3	Adani Ports & Special Economic Zone Limited	Energy & Utilities	Gujarat
4	Alembic Pharmaceuticals Limited	HealthCare	Gujarat
5	Alkem Laboratories Limited	HealthCare	Maharashtra
6	Astral Poly Technik Limited	Materials	Gujarat
7	Aurobindo Pharma Limited	HealthCare	Telangana
8	Avanti Feeds Limited	Materials	Andhra Pradesh
9	Balkrishna Industries Limited	Materials	Maharashtra
10	Bharat Forge Limited	Industrials	Maharashtra
11	Bharti Airtel Limited	ICT	Haryana
12	Biocon Limited	HealthCare	Karnataka
13	Bliss G V S Pharma Limited	HealthCare	Maharashtra
14	Blue Star Limited	Industrials	Maharashtra
15	Bombay Burmah Trading Corporation Limited	FMCG	Maharashtra
16	Cadila Healthcare Limited	HealthCare	Gujarat
17	Caplin Point Laboratories Limited	HealthCare	Tamil Nadu
18	Century Plyboards (India) Limited	Materials	West Bengal
19	Chambal Fertilisers & Chemicals Limited	Materials	Rajasthan
20	Cipla Limited	HealthCare	Maharashtra
21	Cyient Limited	ICT	Telangana
22	Dr. Lal Pathlabs Limited	HealthCare	NCT of Delhi
23	Eclerx Services Limited	ICT	Maharashtra
24	Eicher Motors Limited	Industrials	NCT of Delhi
25	F D C Limited	HealthCare	Maharashtra
26	G M M Pfaudler Limited	Industrials	Gujarat
27	G M R Infrastructure Limited	Energy & Utilities	Maharashtra
28	Garware Technical Fibres Limited	Materials	Maharashtra
29	Glenmark Pharmaceuticals Limited	HealthCare	Maharashtra
30	Godrej Consumer Products Limited	FMCG	Maharashtra
31	Granules India Limited	HealthCare	Telangana
32	H C L Technologies Limited	ICT	NCT of Delhi
33	Hero Motocorp Limited	Industrials	NCT of Delhi
34	Hindalco Industries Limited	Materials	Maharashtra
35	Infibeam Avenues Limited	ICT	Gujarat
36	Interglobe Aviation Limited	Industrials	NCT of Delhi

37	J K Cement Limited	Materials	Uttar Pradesh
38	J K Paper Limited	Materials	Gujarat
39	J S W Steel Limited	Materials	Maharashtra
40	Jindal Saw Limited	Materials	Uttar Pradesh
41	Jindal Steel & Power Limited	Materials	Haryana
42	Jubilant Foodworks Limited	FMCG	Uttar Pradesh
43	K E C International Limited	Industrials	Maharashtra
44	K P R Mill Limited	Materials	Tamil Nadu
45	Kalpataru Power Transmission Limited	Energy & Utilities	Gujarat
46	Kei Industries Limited	Industrials	NCT of Delhi
47	Laurus Labs Limited	HealthCare	Andhra Pradesh
48	Lupin Limited	HealthCare	Maharashtra
49	Maharashtra Seamless Limited	Materials	Maharashtra
50	Marico Limited	FMCG	Maharashtra
51	Minda Corporation Limited	Industrials	NCT of Delhi
52	Motherson Sumi Systems Limited	Industrials	Maharashtra
53	Natco Pharma Limited	HealthCare	Telangana
54	Nava Bharat Ventures Limited	Industrials	Telangana
55	Navin Fluorine Intl. Limited	Materials	Maharashtra
56	Pidilite Industries Limited	Materials	Maharashtra
57	Piramal Enterprises Limited	FMCG	Maharashtra
58	Polycab India Limited	Industrials	Gujarat
59	Reliance Industries Limited	Energy & Utilities	Maharashtra
60	S H Kelkar & Co. Limited	Materials	Maharashtra
61	S R F Limited	Materials	NCT of Delhi
62	Sheela Foam Limited	Materials	NCT of Delhi
63	Shilpa Medicare Limited	HealthCare	Karnataka
64	Shree Cement Limited	Materials	Rajasthan
65	Solar Industries India Limited	Materials	Maharashtra
66	Sonata Software Limited	ICT	Maharashtra
67	Sterling & Wilson Solar Limited	Industrials	Maharashtra
68	Sudarshan Chemical Industries Limited	Materials	Maharashtra
69	Sun Pharmaceutical Industries Limited	HealthCare	Gujarat
70	Suven Life Sciences Limited	HealthCare	Telangana
71	Symphony Limited	Industrials	Gujarat
72	T T K Prestige Limited	Industrials	Tamil Nadu
73	T V S Motor Co. Limited	Industrials	Tamil Nadu
74	Tata Chemicals Limited	Materials	Maharashtra
75	Tata Motors Limited	Industrials	Maharashtra
76	Tata Steel Limited	Materials	Maharashtra
77	Tech Mahindra Limited	ICT	Maharashtra
78	Thermax Limited	Industrials	Maharashtra
79	Time Technoplast Limited	Materials	Daman & Diu
80	Titan Company Limited	Materials	Tamil Nadu
81	Torrent Pharmaceuticals Limited	HealthCare	Gujarat
82	Trent Limited	Materials	Maharashtra

83	Ultratech Cement Limited	Materials	Maharashtra
84	V I P Industries Limited	Materials	Maharashtra
85	Varroc Engineering Limited	Industrials	Maharashtra
86	Varun Beverages Limited	FMCG	NCT of Delhi
87	Welspun India Limited	Materials	Gujarat
88	Wipro Limited	ICT	Karnataka

Notes: Industry data is based on 3-digit NIC
ICT → Information and Communication Technology; FMCG → Fast-Moving Consumer Goods

Appendix IV: In-depth Interview Questions

The questions for in-depth interview are mentioned below. Since the interview was semi-structured, the flow of these questions was modified according to the response of the interviewee.

c. Name
d. Organisation/Institute
e. Designation
f. Are you a member of the family that runs family business?
g. Is your company a family firm? Why?
h. Is your organisation involved in international operations? If not, why?
i. Were you involved in any internationalisation decision of your company? How an internationalisation decision is taken in your organisation?
j. Are the members of the family involved in the organisation's decision-making?
k. Do you think Indian family firms are different from family firms abroad? If yes, how?
l. Do you think Indian family firms internationalise less than non-family firms? If yes, what could be the reasons?
m. Do you think Indian culture affects the internationalisation of Indian family firms? If yes, how?
n. Do you think Indian caste system affects the internationalisation of Indian family firms? If yes, how?
o. Do you think family values affect the internationalisation of Indian family firms? If yes, how?
p. Do you think family generation affects the internationalisation of Indian family firms? If yes, how?
q. Do you think social factors such as social capital, emotions, socio-emotional wealth, etc. affect the internationalisation of Indian family firms? If yes, how?
r. Do you think organisational factors (such as ownership structure, quality of human resources, R&D, etc.) affect the internationalisation of Indian family firms? If yes, how?
s. Do you think family firms have less/limited access to finance in comparison to non-family firms? Elucidate.
t. Do you think that family firms have access to finance at cheaper/competitive rates? If yes, why?
u. What according to you are other important factors that affect the internationalisation of Indian family firms?
v. Kindly rank the above-mentioned factors as most important to least important factors which affect the internationalisation of Indian family firms.

Appendix V: Socioemotional Wealth (SEW) Coding Scheme

FIBER Coding Scheme adopted from (Cleary *et al.*, 2019) and certain modifications were made in "E" and "R" dimensions

FIBER Dimension	Items
F- Family Control and Influence	● Reference to family member making decisions ● References to family appointment/resignation from Board ● References to share issues to family/non-family ● References to appointments/resignations to managerial positions for family
I- Identification of Family Members with the Firm	● Reference to family name in product name ● Reference to family in daily operational terms ● Reference to family history
B- Binding Social Ties	● Family donations, sponsorship, reference to social activities involving family ● Reference to non-family manager/employee awards/recognition, retirements, bereavements. ● Reference to long-standing supplier relationships, business allies ● Reference to business partners
E- Emotional Attachment of Family Members	● Use of emotive language against competitors/threats ● References to family in decision-making alternatives e.g. over economic considerations ● References to superiority of family brand/methods ● **Family bereavement** ● **Emotions, values, trust, etc. guide the decision making in the firm**
R- Renewal of Family Bond Through Dynastic Succession	● Reference to business transfer to the next generation ● Reference to transfer of Board membership to family members ● **Family firms indicating their intention to continue family legacy and tradition as well as evaluating their investment on long term basis**

Research Publications

1. Jain, A., Thukral, S., & Paul, J. (2023). Foreign market entry modes of family firms: A Review and research agenda, Journal of Business Research, Vol. 172. (SSCI Impact Factor 11.3, ABDC – 'A')

2. Jain, A., Thukral, S., & Paul, J. (2023). Role of socioemotional wealth (SEW) in the internationalisation of family firms, International Journal of Entrepreneurial Behavior & Research, 29(1), 1-26. https://doi.org/10.1108/IJEBR-12-2021-0961 (SSCI Impact Factor 5.995, ABDC – 'B')

3. Thukral, S. & Jain, A. (2021). Unveiling contemporary dimensions in the internationalisation of family firms through bibliometric analysis and thematic analysis, Review of International Business and Strategy, 31(4), 507-539. https://doi.org/10.1108/RIBS-09-2020-0121 (Scopus Cite Score 4.8, ABDC – 'C')

International Conferences

1. Presented the research paper titled ***"Determinants of Family Firms Internationalisation from Emerging Economies"*** in the 6th International Conference of Multinational Enterprise and Sustainable Development (MESD'23) Association organised by Department of Commerce, Faculty of Commerce and Business, Delhi School of Economics, University of Delhi on 29th – 30th November 2023

2. Presented the research paper titled ***"Disentangling the Impediments to Internationalisation: An Exploratory Analysis of Family SMEs from Emerging Economies"*** in the International Conference on "Shaping the Future of Management Education for Sustainable Emerging Economies" organised by IIT Roorkee and Arizona State University, USA during 20th – 22nd November 2022

3. Presented the research paper titled ***"Role of socioemotional wealth (SEW) in the internationalisation of family firms"*** in the International Conference on "Rethinking New Work Order: A Policy Change Initiative" jointly organised by Ramanujan College, University of Delhi, Ministry of Education, PhD Chamber of Commerce and Industry and Shri Ram College of Commerce, University of Delhi during 21st – 22nd January 2022.