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SPECIAL ISSUE: Creativity and Family Business

Guest editors: Txomin Iturralde and Amaia Maseda

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SPECIAL ISSUE – CREATIVITY AND FAMILY BUSINESS
Guest Editor' Introduction to the Special Issue

Txomin Iturralde and Amaia Maseda

Cátedra de Empresa Familiar de la Universidad del País Vasco

This Special Issue provides a collection of papers presented at the 13th Workshop on Family Firm Management Research of European Institute for Advanced Studies in Management (EIASM) held in Bilbao, Spain on May 25-27, 2017. The title given to the 13th annual EIASM Workshop, hosted by the University of the Basque Country, was "Creativity and Family Businesses". The need for companies to be competitive has sparked the interest of researchers and practitioners to better understand creativity in organizations. In this regard, family firms do not only contribute significantly to economic growth and prosperity, but also, offer interesting examples of the firms where creative resources play an important role for competitiveness and continuity.

The three days of the meeting were dedicated to sharing experiences, focusing on challenges facing these organizations, as well as various aspects of critical success factors for family businesses. The variety of challenges which family firms currently confront, are perhaps greater than ever: globalization, intensified competition or reaching the appropriate dimension to compete in the global marketplace are some examples. How family businesses face up to these challenges and ensure their success and longevity require a great deal of creativity and dedication.

In this regard, the focus of articles in this Special Issue is mostly on family firms' behaviour, with special emphasis on emerging countries. In addition, one article provides a review of the literature on internationalization of family business groups. We briefly summarise the contributions below.

The article "Family involvement in governance of family business groups" by Yildirim-Öktem examines family business groups, a particular form of family business, which are dominant entities in many emerging economies such as South Korea, India or Latin America. Family business groups are also the dominant organizational forms in Turkish economy, which is why they provide the setting of this study. Following a cluster analysis, results show that several decades after liberalization, families are still intensely involved in the governance of the groups though with varying degrees that can be identified as tight control, vertical control, and loose control. In Turkey there is absence of strong formal institutions to back up codes of governance best practice, and that is why informal institutions such as family ties and concentrated family ownership seem to substitute for weak formal institutions.

The article written by Joshi, Sinha, Dixit and Shuklanamed entlited "Transition dilemma in a closely held family business: A case of Excel Transporters" is a case study that examines intra-family succession in a multigenerational family firm, a critical issue for family firms' longevity. Through this case, authors discuss the significance of corporate governance structure to plan transition and to mitigate conflicts at the time of generational transition of business in a multigenerational closely held family business. The analytical framework for the present study combines existing literature on family business, transition or succession, corporate governance and women entrepreneurship.

The objective of the article "Family businesses and sustainable tourism, a valuation of multistakeholders in Nanacamilpa of Mariano Arista, Tlaxcala. Case study: Sanctuary of the fireflies" is to evaluate the sustainable tourism in family business through a perspective of multi-stakeholders. Tourism offers opportunities for easy entry into a number of business types, often small or micro in size, many of which are family businesses. Rural and peripheral areas are especially influenced by family firms, so research directed at those topics open new opportunities for family business researchers.

Yildirim-Öktem and Selekler-Göksen in their article entitled "Internationalization of Family Business Groups: Content Analysis of the Literature and a Synthesis Model" provide a review of family business group's internationalization field by conducting a content analysis on 80 articles published between 2000 and 2015 as a complement of previous research. Although previous review papers were targeted primarily at internationalization model, the influence of family characteristics on internationalization has been largely ignored. However, as the authors conclude, an important strategic decision such as internationalization is very likely to be influenced by the characteristics of the family since it is the key decision-maker as the most important agent in the ownership and management of the group.

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Family involvement in governance of family business groups

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Family business groups, emerging economy, governance, family involvement, board of directors

Abstract The paper analyzes the pervasiveness of family board memberships within family business groups (FBGs), which are large and diversified form of family businesses dominant in emerging economies. The data pertain to 2017 and include board information on 640 firms affiliated to the largest 26 FBGs in Turkey. The study cluster analyzes the FBGs according to family involvement in their governance. Derived from different theoretical lenses, it also aims to identify the variables that condition different clusters. Results show that several decades after liberalization, families still control the groups pervasively though with varying degrees. Regarding the extent of family involvement in governance, different clusters are identified as tight control, vertical control, and loose control. Ownership structure emerges as the main antecedent that differentiates FBGs in different clusters.

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PALABRAS CLAVE
Grupos de Empresas familiares, economía emergente, Gobierno, Implicación familiar, directiva

Participación familiar en la gobernanza de grupos empresariales familiares

Este trabajo analiza la presencia de los miembros de la junta familiar dentro de los grupos empresariales familiares (FBG, por sus siglas en inglés), que son grandes y diversificadas formas de negocios familiares dominantes en las economías emergentes. Los datos pertenecen al año 2017 e incluyen información sobre 640 empresas afiliadas a los 24 Grupos de Empresas Familiares más importantes de Turquía. El análisis cluster realizado estudia los grupos de empresas familiares según la implicación de la familia en su gobierno. En relación a diferentes puntos de vista teóricos, también tiene como objetivo identificar las variables que condicionan los diferentes grupos. Los resultados muestran que varias décadas después de la liberalización, las familias todavía controlan los grupos de forma generalizada, aunque con diversos grados. Con respecto al grado de participación de la familia en el gobierno, se identifican diferentes grupos: control estricto, control vertical y control flexible. La estructura de propiedad emerge como el antecedente principal que diferencia los FBG en diferentes los diferentes clusters.

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Introduction

Family businesses are important economic actors in both developed and developing countries (Schulze & Gedajlovic, 2010). Family business literature has traditionally focused on developed country family firms which are mostly stand-alone companies. However, family businesses are important also in emerging countries. Family business groups (FBGs), a particular form of family business, are dominant organizational forms in many emerging economies (Khanna & Rivkin, 2001). Korean chaebols, Indian business houses, Latin American grupos economicos, Taiwanese guanxi, and Turkish holding companies are archetypal examples of this form (Guillen, 2000).

A business group is defined as "collections of legally independent firms, operating in multiple (often unrelated) industries, which are bound together by persistent formal (e.g. equity) and informal (e.g. family) ties' (Khanna & Yafeh, 2007, p. 331). It differs from an American conglomerate whose subsidiaries act as autonomous units and lack inter-firm ties. In a business group structure, inter-firm ties is more stable than those in conglomerates (Davis, Diekman, & Tinsley, 1994) and affiliate firms operate in a substantial degree of interdependence due to a social structure such as a family (Granovetter, 1995). A prevalent variant of business groups are FBGs, which are characterized by large size, unrelated diversification, and family control in their ownership and governance (Fracchia, Mesquita, & Quiroga, 2010). There have been significant changes in economic and institutional environments of emerging countries due to financial crises, deregulation, and market-oriented policies in the last decades (Chung & Mahmood; Fracchia et al., 2010; Waillerdsak & Suehiro, 2010). However, FBGs as an organizational form have been resilient and they continue to be important for their countries' economies. For example, leading multinational firms of Korea such as Samsung, LG or Hyundai are FBGs. In most Latin American economies, majority of the large listed firms are affiliated to an FBG (Lefort, 2010). In India FBGs are dominant in corporate-sector activity while in Taiwan a significant percentage of the total labor force is employed by FBGs (Chung & Mahmood, 2010; Sarkar, 2010).

Research on business groups for the most part have been comparative in nature, focusing on performance outcomes of group affiliates vis-a-vis stand-alone companies most of which are small and medium-sized family businesses in the same context (e.g. Garg & Delios, 2007; Kim, Kim, & Hoskisson, 2010). However, family dimension has largely been missing in research on FBGs (Selekler-Göksen & Yildirim-Öktem, 2017). Studies on corporate governance of business groups have mostly been confined to the changes in their governance structures as a response to institutional changes in their environments (e.g. Selekler-Göksen & Yildirim-Öktem, 2009; Tsui-Auch & Lee, 2003). While there seems to be a consensus on the resilience of family rule in FBGs, there is scant research on different configurations of owner-family involvement in governance of such a large and diversified organizational form. This study aims to fill this gap by clustering FBGs with respect to family's presence in governance at business group and affiliate-firm levels. It also aims to identify the antecedents that condition different types of family involvement among FBGs in the same context.

The paper is structured as follows: The next section discusses the theoretical background and reviews the literature on family involvement in governance structure of FBGs. The third section provides information on the research context, followed by the description of research methodolody. The penultimate section presents the findings and the final section concludes.

Literature Review and Theoretical Background

FBGs are larger and more diversified (through legally separate firms) than stand-alone family firms that are typically small and medium sized enterprises (SMEs). They could grow rapidly thanks to state support, protection from international competition, and the opportunity to benefit from the groups' pooled financial and human resources. FBGs of many economies such as South Korean chaebol, Indian business houses or Latin American grupos have a hierarchical structure with a "mother company" or a "holding company" at the apex of the group. The holding company has a board of directors and an administrative center that serves as the headquarters of the group. It crafts group-level strategies such as overseas expansion or large-scale investments, and it also monitors and coordinates activities of the member firms (Chang & Shin, 2006; Fracchia et al., 2010; Kim, 2010). Headed by a CEO, the administrative center has sectoral and staff departments (such as finance, HR, and legal affairs) that serve the whole group. Member firms of the FBGs are legally separate entities and have their own boards and managers, but they are subject to the financial and strategic control of the group (Colpan, 2010; Lefort, 2010; Yildirim-Öktem, 2010). These affiliated firms may be wholly-owned by the family or the holding company, be publicly listed or may form joint ventures with other (foreign or domestic) companies (Yildirim-Öktem & Üsdiken, 2010).

Governance of FBGs is characterized by family dominance in their ownership and management (Sarkar, 2010). Owner-families maintain control over the group through centralized governance, and social integration based on family ties (Granovetter, 1995). Despite the large and diversified characteristic of the group form, families maintain control by keeping key managerial positions in the holding company, having multiple directorates in affiliate-firms, grooming sons and daughters to succeed the founding patriarchs, and through cross-shareholdings among group affiliates (Kim, 2010; Wailerdsak & Suehiro, 2010). Additionally, FBGs are characterized by pyramidal ownership structures that enable families to control firms in which they have minority stakes through their majority ownership in the holding companies and investment companies that are ultimate owners of group affiliates (Chung & Mahmood, 2010; Lefort, 2010; Sarkar, 2010).

In South Korean *chaebol*, families have complete control over the group (Kim, 2010). Decision-making is not based on consensus. The patriarch or the family leader has the greatest power. Together with his heirs, the patriarch rules the group in an autocratic way (Biggart, 1990). Interlocking directorates within the group is not common. Instead, family members hold multiple directorships in flagship companies while they use non-family managers for other member companies that are not of strategic importance to the group (Orru, Biggart, & Hamilton, 1991). In Indian FBGs, family members are involved in decision-making bodies of the group headquarters and the boards of affiliates, in which they have ownership control through direct and indirect equity stakes (Sarkar, 2010). In Taiwanese FBGs, unlike the ones in Korea and India, an administrative center is not involved in the planning and monitoring of the group (Chung & Mahmood, 2010). It is the family leader and a small number of selected managers (so called the "inner circle") that have the greatest decision-making power (Thompson, 1967). Most of the inner circle managers are family members or former friends and colleagues that have built mutual trust with the family leader (Luo & Chung, 2005). Also in Latin American grupos, families are actively involved in the governance of the group. In Argentinian and Mexican FBGs, for example, several generations govern the FBG by possessing majority of the seats on the board of the business group, and through multiple directorships within the group (Fracchia et al., 2010; Hoshino, 2010).

Despite the preference of the family to have a tight control over the group, there are limits to family's involvement in governance of FBGs. Both internal exigencies and external pressures may account for the need to involve non-family executives in the family business. Internal pressures may emerge from organization's size, extent of diversification, and family complexity. External pressures, on the other hand, may include changes in the institutional environment towards a more liberal and international market economy accompanied by institutional reforms to improve corporate governance of firms.

From a contingency perspective, internal complexity and environmental complexity necessitate more professionalized governance because of the need for wider range of capabilities to deal with these complexities (Fiegener, Brown, Dreux, & Dennis, 2000; Gedajlovic, Lubatkin, & Schulze, 2004). Internal complexity is associated with firm size as managing a larger volume is likely to exceed information-processing capacity of the family and cause delays in decision-making (Fiegener et al., 2000). Environmental complexity, on the other hand, may be linked with firm's diversification strategy as management of unrelated businesses may lead to monitoring problem, require a wider knowledge base, and a more complex decision-making especially in areas such as resource allocation (Vieregger, Larson, & Anderson, 2017). Given the natural limits to family size, capacity, and expertise, both size of the group and the ranges of businesses in which the group operates are likely to restrain the involvement of the family in the business and call for professionalization (Finkelstein & Hambrick, 1996). Infact, families cannot exercise tight control once the group gets large and diversified (e.g. Wailerdsak & Suehiro, 2010).

Family complexity, which is linked with family size and generational issues (Voordeckers, Gils, & den Heuvel, 2007) as well as involvement of multiple families in the case of FBGs may also affect the involvement of family members in the governance of the group. When number of family members and the stakes are high, the family may need the involvement of outsiders to resolve the conflicts (Voordeckers et al., 2007). In the case of FBGs, even when multiple generations and multiple families are involved, ownership usually continues to be concentrated in the hands of the elder family members. Thus, the family is unlikely to leave away the key managerial positions in the group. Additionally, with the involvement of multiple families and/or different branches of the extended family in the business, power issues are likely to emerge. This may lead to an increase in the representation of family members in the governance of the group in order to have a power balance among the owner-families and/or different branches of the family.

From an institutional theory perspective, the way corporations are governed is likely to be influenced by their legal and social contexts (Young, Peng, Ahlstrom, Bruton, & Jiang, 2008). Thus, board composition may not be a response to internal and external complexities, but to regulatory and normative influences. Organizations try to obtain legitimacy by conforming to external formal or informal expectations (Lynall, Golden, & Hillman, 2003). However, conformity to institutional prescriptions is likely to remain more in appearance than in substance (Meyer & Rowan, 1977; Young et al., 2008). Late-industrializing countries have been undergoing policy and institutional changes for liberalizing and internationalizing their economies. Particularly after the 1997 financial crises, East Asian governments became aware of the importance of internationalization for fueling economic growth. They lifted restrictions for entry of foreign capital in their countries (Chung & Mahmood, 2010; Waillerdsak & Suehiro, 2010). With the increase in public and foreign ownership, FBGs had to respond to the demands of these new actors by being more transparent and accountable. This was supported by supranational organizations such as the OECD, IMF and World Bank that encouraged national governments to adopt codes of best practice and establish necessary institutions to monitor compliance at the firm level (Chang, 2006). Common recommendations of the governance reports had a particular emhasis on board structures, promoting an increase in independent directors to protect the rights of minority shareholders. However, corporate governance mechanisms in Anglo-Saxon countries had little institutional support in emerging countries where formal institutions such as laws and regulations regarding information disclosure and securities trading are absent or weak (Peng, 2004). In emerging economies, informal mechanisms such as concentrated ownership, family control and familial connections emerge as a substitute for the missing formal institutions (Estrin & Prevezer, 2011; Young, 2008). Pressures for the adoption of Anglo-Saxon governance practices was perceived as a threat by owner-families who are used to exert a tight control over the group. As the codes of best practice were not internalized by the owner-families who gained power in the existing governance structure, their implementation remained at the surface (Tsui-Auch, 2003). The families strategically responded to such pressures; by adhering to the codes in more regulated sectors and decreasing the ratio of family members in the boards of the affiliates which are quoted on the stock exchange (Selekler-Gökşen & Yildirim-Öktem, 2009; Yildirim-Öktem & Üsdiken,2010). This decrease in the ratio of family members, however, was not offset by outsiers, but by the trusted current/retired managers in the closest circle of the family (Üsdiken, Yildirim-Öktem, & Senol, 2015).

These trusted non-family executives are mostly the ones with high group-specific experience and expertise (Üsdiken et al., 2015). The expertise of elder generation family members are mostly limited to the historically core sectors around which the group has grown and the social capital of the family is mostly locally embedded. Therefore, in new sectors of the group and in international markets, the family is in a way forced to share control with non-family executives who can fill this gap and also help to transfer this knowhow to new generation family members. Thus, among different dimensions of power (Finkelstein, 1992), expertise power is potentially a challenging ground for family members and a relatively more contested terrain than ownership and structural power (Yildirim-Öktem, 2010). Ownership power remains with the family as public share in holding companies or their affiliates has been very limited (Fracchia et al., 2010; Yildirim-Öktem&Üsdiken, 2010). This is partly due to the underdeveloped stock markets in emerging economies and the ability of the business groups to easily finance their affiliates through their internal capital markets as well as to the families' tendency not to share the ownership control with unfamiliar actors. When they need funding from outside, they may control the public-listing companies through the pyramidal ownership structure. Structural power, on the other hand, is the hierarchical power (Hambrick, 1981) and can be captured by one's formal positions or titles within the organization (Finkelstein, 1992). In FBGs, the family typically has more structural power than non-kin executives because it occupies key positions within the group; board membership in the holding company and multiple directorships in the boards of affiliate firms (Lefort, 2010; Yildirim-Öktem, 2010).

Based on the discussions on institutional theory, FBGs in different clusters with respect to family involvement may be expected to differ in terms of their public ownership and ratio of publicly quoted affiliates. This is because companies with public ownership are more visible and have been under more pressure to conform to the principles of good corporate governance. However, potentially challenged by other dimensions of power such as expertise and prestige power, the family would not be willing to share its ownership and structural power and thus would pervasively keep key positions within the group.

The paper clusters FBGs in the same context with respect to the extent of family's involvement in the holding company board, affiliate boards, and the family leader's presence in affiliate boards. In line with the theoretical background and the literature reviewed above, family members are expected to have board memberships on the holding company and multiple directorships on affiliate firm boards to a large degree. However, the way families are involved in the governance of FBGs may differ according to FBG characteristics such as size and diversification, ownership characteristics, and family characteristics such as generation in power, number of owning families and family members involved in the business.

Research Context

Turkish FBGs provided the setting of this study. In the business group literature, Turkish FBGs ("family holdings") are considered as an archetypal example of large and diversified FBGs (Guillen, 2000; Khanna & Yafeh, 2007). Turkish FBGs have a hierarchical structure with a holding company, which does not only hold shares in affiliate firms but also serves as the administrative center of the group (Bugra, 1994). FBGs are the dominant organizational forms in Turkish economy. The majority of listed companies in Turkey are in the form of family-controlled company groups (OECD, 2017) and FBG affiliates account for half of the top 100 corporate firms (ISO, 2016).

Turkey opened up its economy through a process of liberalization starting from the early 1980s following a long period of state-dependent, import substitution industrialization (Önis, 2011; Young et al., 2008). Transition of the country to a more liberalized economy has not had a negative impact neither on the population of FBGs nor on the size of the preexisting ones (Bugra, 1994; Colpan, 2010). Both foreign and public ownership in FBG affiliates have remained small in Turkey (Yildirim-Öktem & Üsdiken, 2010). In 2000s, the transition has been accompanied by national and international pressures to improve corporate governance, though leading to insignificant effects on major governance characteristics of FBGs; family control in management and ownership. Family presence on boards of FBG affiliated firm has not decreased significanty as in the absence of coercive pressure, familiesresponded to corporate governance reforms through avoidance and manipulation strategies (Selekler-Göksen & Yildirim-Öktem, 2009). The family leaders continued to occupy the chair position in the holding company boards (Yildirim-Öktem & Üsdiken, 2010). Despite the relative increase in the number of professional managers and outsiders on the boards of FBG affiliates (Selekler-Göksen & Yildirim-Öktem, 2009), families and their trusted circle continue to keep the key positions and the majority of the board memberships (Üsdiken et al., 2015).

Methodology

Sample and data collection

A multi-stage process was applied to establish the sample. First, a population of Turkish BGs was identified by using two sources; the website of Istanbul Stock Exchange (ISE) and the list of top 500 largest firms published by Istanbul Chamber of Industry (ISO, 2016). Second, BGs with more than 10 affiliates operating in at least 5 industries according to United Nation's 2-digit International Standard Industrial Coding (ISIC, version 3.1) were chosen. There were 28 BGs that met this criterion. Finally, those that were not family-owned-and-contolled were eliminated, leading to the elimination of two BGs. Thus, the final sample is composed of 26 largest Turkish FBGs based on the above criteria.

A summary of sample characteristics are provided in Table 1. FBGs in the sample are the largest ones in the research context. They all meet the sampling criteria of having a minumum of 10 member-firms operating in at least five industries. The table also provides information on the primary industry of each FBG. It is defined as the industry in which the highest percentage of member-firms operates according to 1-digit ISIC. As can be seen from the table, each FBG in the sample is dominantly owned by a family or multiple families. The chair of the holding company board is invariably a family leader that comes from first, second or third generation. In most cases, the board of the holding company is dominated by family members.

Lists of firms affiliated to the 26 FBGs were reached from their annual reports and web sites. In order to include only the first-tier-companies, subsidiaries of the affiliated firms were eliminated. Non-profit firms and those establised abroad were also excluded from the study. A total of 673 main firms affiliated to 26 FBGs were identified. Among them, 33 of them were eliminated as information on their board of directors could not be reached. Finally, 640 affiliated fims were included in the study. For publicly quoted firms, board data were obtained from the database of Istanbul Stock Exchange (ISE). For firms that were not held by the public, websites of Istanbul Chamber of Industry and Turkish Trade Registry Gazette were used.

Table 1: Family characteristics of the FBGs in the sample

FBG	% of family members in the group's board	Family Chairman	Generation in power	number of founding families	% family share in the ownership structure	number of affiliated firms	number of sectors	primary industry
1	75,00%	1	1	1	89,28%	14	10	Financial intermediation
2	55,56%	1	2	1	100,00%	15	10	Manufacturing
3	50,00%	1	2	2	69,28%	18	6	Construction
4	54,55%	1	2	2	100%	25	12	Wholesale and retail trade
5	100,00%	1	3	1	100%	19	8	Transport and storage
6	42,86%	1	2	1	100%	19	10	Manufacturing
7	40,00%	1	1	1	100%	19	10	Manufacturing
8	44,44%	1	2	1	63,73%	58	16	Comunity, social, and personal service activities
9	7,69%	1	2	1	95,21%	132	17	Hotels and restaurants
10	28,57%	1	2	1	100%	20	12	Manufacturing
11	20,00%	1	2	2	87,50%	12	8	Construction
12	33,33%	1	1	1	100,00%	15	8	Real estate
13	42,86%	1	2	1	100,00%	20	6	Electricity, gas and water supply
14	60,00%	1	2	1	100,00%	11	9	Manufacturing
15	40,00%	1	2	1	100,00%	11	10	Manufacturing
16	57,14%	1	2	1	100,00%	16	13	Manufacturing
17	33,33%	1	3	1	81,76%	47	22	Manufacturing
18	70,00%	1	1	1	100%	18	12	Manufacturing
19	55,56%	1	3	1	35,36%	24	18	Manufacturing
20	100,00%	1	2	1	100 %	11	11	Manufacturing
21	36,36%	1	2	3	51,71%	16	12	Construction
22	50,00%	1	2	1	100%	13	10	Manufacturing
23	50,00%	1	2	1	100%	20	9	Manufacturing
24	100,00%	1	1	1	100%	44	19	Electricity, gas and water supply
25	80,00%	1	2	1	100%	12	7	Manufacturing
26	66,67%	1	1	1	100%	11	7	Construction

Variables and measures

Family involvement in the governance of FBGs was assessed by three different variables. The first one was the ratio of family members on the holding company board. It was calculated by dividing the number of seats held by extended family members by the total number of seats at the holding company board. The other two varaibles were at the affiliate-firm level and probed the family dominance at the affiliate-firm boards. Family ratio at the affiliates was measured by the average ratio of extended family members on the boards of affiliates. Family leader ratio, on the other hand, was calculated by the number of affiliate firms in which family leader held a board position divided by total number of affilil iated firms within an FBG. FBGs in the sample were cluster analyzed in order to identify different levels of family involvement in their governance structures. The cluster analysis was based on the three aforementioned variables related to family involvement in boards at both group and affiliate-firm levels. For cluster analysis, K-means procedure was used. As four-cluster solution yielded a cluster with only three FBGs, three-cluster solution was used in conducting a comparative analysis. Three clusters of FBGs with different levels of family involvement were compared along five BG and family characteristics; a) size of the FBG, b) extent of diversification, c) ownership structure, d) percentage of quoted affiliates e) size of the family, f) number of generations. Size of the group and extent of unrelated diversification were used as indicators of internal complexity. Size of the FBG was measured by number of affiliated firms and total number of full-time employees within the group. Extent of diversification was measured as the number of industries in which the FBG operates according to United Nations' UN's 2-digit ISIC. Ownership structure of the holding company was assessed by two measures; family share and public share in the ownership structure. Percentage of quoted affiliates was calculated as the number affiliates that were publicly listed divided by the total number of affiliates. Three variables were used to capture family complexity; family size, generation in power, and number of owning families. Family size involved in the business was measured by number of family members who have at least one board membership in one of the affiliates or in the holding company. Generation in power was measured as the generation of the family member who was the president of the holding company board. Number of owner-families was measured as the number of families that have an at least 10% share in the ownership structure of the group. All the data pertain to 2017. Given the small sample size, the non-parametric Mann Whitney-U and Kruskal-Wallis tests were employed to compare different clusters.

Findings

Table 2 displays the descriptive statistics of the variables in the study. FBGs in the sample display a family-centric governance structure to varying degrees. As can be seen from the table, families sustain their control mostly through their board memberships at the holding company rather than the member firms. This is understandable given the large number of affiliate companies and the diversity of the sectors in which they operate. On average, 57% of the board seats at the holding company are held by the extended family members as opposed to 29% in the affiliate firm boards. At the affiliate firm level, families seem to sustain their control through family leaders' chairmanship on the affiliate firm boards. Family leaders, on average, hold board membership at 43% of the affiliates and in most of them they hold the chairman position.

Table 2: Descriptive statistics (n=26)

Measures	Mean	Standard Deviation	Range
Family involvement in governance			
Family on the affiliate boards	,29	,23	0,00-0,84
Family leader on the affiliate board	,43	,35	,00-1
Famiy on the holding company board	,57	,24	,08-1
Family business group characteristics			
Size			
Number of affiliates	24,62	24,83	11-132
Number of employees	21333,15	22194,46	1003-95456
Number of sectors	11,23	4,12	6-22
Ownership			
Percentage of family share	,91	,17	,35-1
Public ownership	,09	,17	0-.65
Percentage of quoted affiliates	,13	,14	0-,46
Family complexity			
Number of owning families	1,36	,67	1-3
Generation in power	1,88	,59	1-3
Size of the family	4,5	2,45	1-12

FBGs in the sample are by definition large as having a minimum of 10 affiliates was the criteria to be involved in the sample. However, there is quite a variation in the size of the groups both in terms of number of affiliates and number of employees. Average number of affiliates are 24,62 with a maximum of 132 affiliates in one group. Descriptive statistics also show that

Turkish FBGs are very diversified operating in an average of 11.23 sectors according to 2-digit ISIC. Despite their large size, concentration of family ownership in groups is very high with an average of 91%. Percentage of public ownership in the holding company, and percentage of publicly quoted affiliates, on the other hand, are still very low.

Most of the largest groups are owned by one family though there are also groups that are owned by two or three families. In most of the FBGs, group chairman is a second-generation family member. Given that the FBGs were born and grown in a late-industrializing economy, their young age is understandable. On average number of family members involved in the family business is quite low. One reason may be the small family size. Additionally, in some of the FBGs involvement of family members are limited to male family members due to the conservative culture in the research context. Another reason may be the way involvement is operationalized in this study. Only those family members who had board memberships within the FBG were counted. However, there are also family members, particulary from third generation, that work in the administrative center of the holding company, but do not have a board m membership yet. Due to the incompleteness of data for the admistrative center of the FBGs and managerial positions of the member-firms, they were not included.

Table 3 reveals the results of the cluster analysis. Three clusters are different from each other in terms of the way the group is governed. FBGs in cluster 1 are tightly controlled by the family, particularly the family leader who on average holds a board membership in 79% of the affiliates. In FBGs in cluster 1, family ratio in the affiliate boards is also the highest among the three clusters. On the other hand, in FBGs in cluster 2, percentage of family members in affiliate boards is relatively low and percentage of affiliate firms on which the family leader holds board membership is only 7%. However, in FBGs in this cluster family members occupy on average 78% of the board seats in the holding company. So, in FBGs in cluster 2, although the family does not hold majority of the seats in affiliate boards, it tries to preserve vertical control by dominating the holding company board. Finally in cluster 3, the family has a loose control. Among the three clusters, in cluster 3 percentage of family members on affiliate boards and the holding company board is the lowest.

Table 3: Types of family involvement in governance

Measures	Cluster 1 Tight family control n=11	Cluster 2 Vertical family control n=4	Cluster 3 Loose family control n=11
Family involvement in governance			
% of family members on affiliate boards*	,48	,21	,14
% of the family leader on affiliate boards*	,79	,07	,20
% of family members on the holding company board*	,64	,78	,34
Family business group characteristics			
Number of affiliates	19,27	15,25	33,36
Number of employees	16380,81	27852,50	23914,82
Number of sectors	10,45	11,50	11,91
Percentage of family share*	100%	81%	86%
Public ownership*	0,00%	19%	14%
% of quoted affiliates	16%	16,26%	10%
Number of owning families	1,09	1	1,36
Generation in power	1,82	2	1,90
Size of the family	4,09	7	4

**p<.05; based on Mann-Whitley U and Kruskal-Wallis analysis of variance*

Table 3 also displays test results for Mann-Whitley U and Kruskal-Wallis. Cluster 1 and cluster 3 are significantly different from each other along all three dimensions of family involvement. Cluster 1 and cluster 2 are significantly different in terms of the % of family leader on affiliate boards while Cluster 2 and cluster 3 are significantly different in terms of % of family members on the holding company board.

The table also displays whether FBGs in different clusters are statistically different from each other in terms of BG and family characteristics. Results indicate that FBGs in different clusters are not significantly different from each other in terms of size, level of diversification and family complexity. Ownership structure emerges as the only variable that conditions different levels of family involvement. Cluster 1 (tight control) and Cluster 3 (loose control) are significantly different from each other in terms of ownership structure; family percentage and public percentage in the holding company ownership structure. Results show that extent of family involvement is the highest where the family has significantly higher ownership.

Discussion and Conclusion

Although FBGs are defined by their family-centric character, they have been ignored in the mainstream family business literature. This research was conducted in an emerging economy that is dominated by large and diversified FBGs. The paper analyzes the pervasiveness of the family involvement in governance of such a large and diversified organizational form several decades after the liberalization process started.

Results point out to the persistence of family rule in FBGs, giving support to the institutional theory perspective. In most emerging countries, including the reserach context of this study, pressures to conform to the principles of good corporate governance did not have a legal sanction, but its was in the form of "comply or explain". This created a room for the owner-families to give a strategic response to such pressures and changed the board structures more in appereance than in substance. In the absence of strong formal institutions to back up codes of best practice, informal institutions such as familial connections and concentrated family ownership seem to substitute for weak formal institutions.

Cluster analysis show that the owner-families are still intensely involved in the governance of the groups though with varying degrees. Governance of FBGs in three clusters can be identified as tight control, vertical control, and loose control. Ownership structure emerges as the main variable that conditions tight family control versus loose family control in the governance of Turkish FBGs.

When the family has full ownership power, it has less tendency to share its structural power with non-kin executives. The family uses its structral power to monitor the member firms by dominating the board of the holding company (vertical control) and/or to coordinate the activities of the member firms by holding multiple board memberships in affiliate firms (horizontal control). The results do not support contingency perspective. When the family is the sole owner of the group, it does not withdraw from the governance regardless of various internal and external contingencies. Internal contingencies such as group size or family complexity do not seem to differentiate FBGs that fall into different clusters in terms of family involvement in boards.

This research contributes to the literature on family businesses by analyzing family involvement in a different form of family business, FBGs. The study has some limitations. First, it was conducted in one country with limited sample size. It may be replicated in different emerging countries and with larger sample sizes. Second, due to unavalability of data, family involvement in this study only includes board memberships within the FBG. Future research may also include or focus on family involvement in administrative center of the holding company as well as in other management positions of the member-firms.

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Transition dilemma in a closely held family business: A case of Excel Transporters

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Abstract. The purpose of this case study is to investigate issues that arise at the time of transition of ownership, business and wealth in a multigenerational closely held family business (CHFB). This is particularly relevant if the founder owner-manager has to pass the heir-ship to the offspring and specifically if the incumbent is a women. Through this case, authors have made an attempt to discuss the significance of ownership structure, to plan transition and to mitigate conflicts at the time of generational transition.
The case is based on primary research and secondary information, and has been tested several times post, which the gaps were identified and filled. The results indicate that absence of the corporate governance (ownership) structure leads to conflicts during transfer of power position in a CHFB. This reflects the necessity of professionalizing the family business to avoid breakdown of communication and trust within the family unit. Inadequately prepared heirs, forced entries of siblings in the business with no competence besides the patriarchs' distribution of ownership and business were of major concern in a CHFB.

CÓDIGOS JEL
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PALABRAS CLAVE
Empresas familiares, Conflicto, Transición,Sucesión, Gobierno corporativo, Estructura, Profesionalización

El dilema de la transición en una empresa familiar que sea sociedad anónima cerrada: el caso de Excel Transporters

Resumen. El objetivo de este estudio de caso es investigar los problemas que surgen en el momento de la transición de propiedad, negocios y riqueza en una Empresa Familiar multigeneracional que sea Sociedad Anónima cerrada. Esto es particularmente relevante si el propietario-gerente fundador tiene que pasar el heredero a la descendencia y específicamente si el titular es una mujer. A través de este caso, los autores han intentado discutir la importancia de la estructura de propiedad, planear la transición y mitigar los conflictos en el momento de la transición generacional.
El caso se basa en la investigación primaria y la información secundaria, y se ha probado varias veces después de la publicación, donde se identificaron y completaron las lagunas. Los resultados indican que la ausencia de la estructura de gobierno corporativo (propiedad) genera conflictos durante la transferencia de la posición de poder en una empresa de este tipo. Esto refleja la necesidad de profesionalizar el negocio familiar para evitar el colapso de la comunicación y la confianza dentro de la unidad familiar. Los herederos preparados inadecuadamente, las entradas forzadas de hermanos en el negocio sin competencia además de la distribución de propiedad y negocios de los patriarcas son una gran preocupación en una empresa familiar de este tipo.

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Introduction

Family businesses are one of the foundations of the world's business community. Their creation, growth and longevity are critical to the success of the global economy. In the views of Pearl Initiative & PricewaterhouseCoopers (2012), many of the largest multinational corporations began as family businesses, and around 90% of the world's businesses can be defined as family businesses, in developed, developing and in emerging markets. Predictions suggest that there will be family turnover in 68% of the world's Top 500 family businesses employing 21 million and contributing US$6.5 trillion to global GDP (Bain, 2015). Beyond the West, family businesses represent more than half of all large corporations across the Asia Pacific regions (Fernández-Aráoz et al., 2015) and expectations of hand-down to heirs or close relatives stands at 75% of companies in China and Southeast Asia (Koh et al., 2015). In India, 50% of surveyed companies are confident to pass on management to the next generation (PwC Family Business Survey, 2013).

Family business can be defined as a business operation in which a group of relatives and family members have controlling interest or concentration of power in the business. These types of businesses may range from a local retail store to a commercial family firm and even for large corporations operating in multiple locations. In many instances, a family business is passed from one generation to the next, with children often being trained to enter the business at a certain age and then taking over various functions from their parents over time.

To the extent that ownership transition is considered (as opposed to management transition), the literature on succession assumes that transition of ownership to the next generation is the preferred choice. For majority of family owned businesses, transition planning is similar to "elephant in the living room". Despite understanding the importance of selecting and preparing a successor, the leaders of the CHFB do not give much required attention to process transition planning. The consequence of not focusing on transition despite its obvious importance can be reflective; a leadership void and the resulting discord can significantly undermine the firm's performance. Indeed, ill planned transition may lead to the biggest value destroying actions.

The objectives of the present exploratory case study are to investigate the issues arising at the time of transition of ownership, business and wealth from one generation to another in a closely held family business (CHFB). This is particularly relevant, if the founder owner-manager has to pass the heir-ship to the offspring and specifically if the incumbent is a female. Through this case authors have made an attempt to discuss the significance of corporate governance structure to plan transition and to mitigate conflicts at the time of generational transition of business in a CHFB. The analytical framework for the present study combines existing literature on family business, transition or succession, corporate governance and women entrepreneurship. In this case, authors have demonstrated issues arising at the time of transition in absence of governance structure and women as possible heirs.

Theoretical Framework

A key theme in the family business research literature is succession planning. Succession planning is pivotal to business sustainability in the long run, but is often fraught with tension within the family, resulting in indefinite postponement of the decision on succession. According to De Massis et al., (2008) family business succession is a complex and often lengthy process that involves "the actions, events and developments that affect the transfer of managerial control" among family members.

Long-term sustainability in a CHFB depends upon cultivation and nurturing of future leader/successor. Transition in a CHFB should focus on two major issues, namely succession planning and leadership development. A sound transition process should possess on two basic ingredients i.e. transparency and flexibility. In a CHFB, transition is basically an intergenerational transfer of ownership, business and wealth. Haberman & Danes (2007), emphasizes on three major issues for smooth and successful transition process, firstly the legal transfer of property, which is concerned with the law, secondly the transfer of decision authority, which is about power structure and the thirdly one is interaction among family business members. Stewart & Danes (2001) advocated that a growing consent about the separation between power structures, which concerns hierarchy and role patterns, and power interaction. This deals with negotiations, influencing strategies and conflict management processes.

According to Guo (2011), differences between founders of family businesses and their successors in values, would affect various innovations and transformation of enterprises. Gilding et al. (2015) states, that because the family identity of the chief executive in family businesses is closely tied to his identity as leader of the firm, chief executives in family businesses often feel a special sense of loss when power is transferred. One aspect that is not well understood and needs investigation is the manner in which successor and incumbent personality congruence affects the succession process (Daspit et al., 2016; Long and Chrisman, 2014).

Current knowledge available on the process of succession and sources of resistance is based mainly on family businesses founded and managed by male and that when the successor is also a male. But the core issue is, to what extent we can transfer that knowledge and power of family-owned businesses founded and managed by male to a woman successor! The process of transition in family business especially in case of woman entrepreneur as heir or successor is critical (Hishrish & Brush, 1984; Ratte, 1999). Handler (1994), Harveston, et al. (1997), focus on the process of succession in case of a man. According to Schröder et al. (2011), growing up in a family business may well foster girls interest on entrepreneurial activities in general, however, as their parents' businesses represent more male-dominated types of industry (e.g., carpenter, electrician) these girls may seek fulfillment of their entrepreneurial career intentions by starting their own business in less male-dominated trades. Gender roles refer to the common roles of activity found in business (leader, successor, owner, etc.) in terms of societal expectations about what men can and should do, and what women can and should do. (Dumas, 1998; Dumas et al., 1995; Galiano & Vinturella, 1995; Harveston et al., 1997; Mehrotra et al. 2011; Sharma & Irving, 2005; Vera & Dean, 2005). Mozhdeh et al., (2017) has researched on preparation level of heirs and the relationship between family and business members that have a positive impact on the performance of family business.

Stavrou et al., (2005) states that, gender plays a pivotal role in the succession preparation stage. It interacts with others factors, such as birth order, nationality, and industry context. The stereotypical attributes of gender associated with women, such as nurturing and family-orientated tendencies, can compromise a daughter's ability to assume the leadership position in a family business. The potential for gender bias was based in part on family acceptance, culture, role-tradition, and the family's expectations of sons as the natural heirs.

Transition in a CHFB is always a challenging job especially when business is in distress and has inexperienced successor. Though family business succession is understood to influence long-term performance, many family businesses do not have clear plans or systematic processes for its implementation (Fang et al., 2015).

Transition in CHFB leads to several conflicts related to transfer of ownership, wealth and business. Major conflicts faced by most of the CHFBs are:

1. Who will operate the business? Family member or external management?
2. Who will control business, ownership and wealth?
3. Active Vs. Inactive successor
4. Expectation Vs. Reality
5. Non-alignment of business future

The identity of enterprise and the identity of the leader complement each other. Zhao et al. (2015), stated that the identity of the second generation of enterprise is beneficial for successors to take over management rights and control power. The higher the legitimacy of the first generation, the higher the legitimacy will be of the second generation. Joshi, et al., (2017), mention on leadership that clearly demonstrates its pro-activeness, involvement through constant innovative skills and a capacity to take risks. Blumentritt et al., (2013) emphasize that leadership succession involves family members, which encompasses the transfer of responsibility for the ongoing management of the firm from members of senior to the junior generations. Yoo et al., (2014) have acknowledged family business successors are identified with their family system.

Decker et al., (2017) have found that succession involves certain unique contextual factors (i.e. individual, organizational, family), which includes various stakeholders who must be considered. Thus, identification of competent successor has always been an area of major concern in succession planning. Chrisman et al., (2009) suggested that succession planning also involves ability of the family firm to identify the number of successors, detailing the criteria and designating the successor. Helin and Jabri (2015) recapped that due to the sensitive intertwining of family and business, as well as individual desires and mutual interests, succession becomes a complicated issue.

Succession planning is a matter of concern for the business of all sizes. According to Buang et al., (2013) family businesses in SMEs also encounters internal conflict between family members in particular on succession issues, which is one of the critical factors affecting succession process effectiveness.

Governance is widely recognized as a key determinant in the success and failure of all organizational activity. Family involvement introduces a unique dimension to governance, which we define broadly as the mechanisms used to ensure that the actions of organizational stakeholders are consistent with the goals of the dominant coalition (Aguilera & Jackson, 2003; Chua, et al. 1999; Sirmon & Hitt, 2003). Although governance has long been recognized as an important topic in family business research (Gersick, 2015; Morck & Steier, 2005), its various dimensions remain understudied (Berrone et al. 2012). McMullen and Warnick, (2015) argue that the governance challenge undergone by family firms in preparing for leadership transitions is to provide a family and firm environment where potential successors' need for self-fulfillment and self-determination. This was one aspect in respect to the commitment of future generations that McMullen and Warnick, (2015) did not consider as a difference between ownership succession and management succession. This separation is even more important for business families because of the size of their resource endowments.

Family businesses are sensitive to the necessity of a well-defined and sound governance structure for long-term sustainability of business as well as family. In this academic endeavor authors have made an attempt to excavate and demonstrate, transition issues in a CHFB and how transition may lead to conflicts within a family as well as in business. With the help of this case, an attempt has been made to depict challenges faced by a founder during transition of business to next generation especially when successor are inexperienced and is a female. At the end of the case, authors have proposed a way out to mitigate transition issues in the form of corporate governance and professionalism in a CHFB.

Case Study

Background

This case is a reflection of conflicts and challenges that arises during transition of business from one generation to another in a CHFB started by Pullampilel Kochupillai Achutham Pillai. Born in a lower middle class farmer family of Kerala (India) and started his professional career as an auto mechanic, but eventually became an entrepreneur through his latent entrepreneurial orientation and skills, which he realized gradually. Though he failed initially, but with his strong will power and passion he fought back and came up with a new venture. After operating his business successfully for years, he had some medical issues and the trouble aggravated with his venture. His legal successors were two daughters, who were studying at the time of crisis and had no business insight. The issues related to transition and succession of his business began henceforth.

Table 1: Case Time Line of Excel Transporters

Year	Major Event of Family/Business	Demonstrations in case
1979	Pillai Migrated from Kerala to Allahabad Uttar Pradesh	"...to give wings to his dream, he left his native place Kerala and reached at holy city of Allahabad in state of Uttar Pradesh..."
1987	Establishment of 1st venture	"…in 1987, Pillai gave wings to his dream of owning a venture. He started a chassis body manufacturing unit at Allahabad…"
1989	Entry of Sibling into business and conflict begins	"…after getting an initial growth in 2 years, Pillai called his younger brother Naraynan from Kerala to help in his business..."
1990	Marriage of Pillai with Shubhralaxmi. Founding pillar of family support system. An essential ingredient for family business.	"...meanwhile, in 1990 Pillai got married to Shubhralaxmi, a girl from small business family from Allahabad, with highly rich value system…"
1991	Birth of Elder Daughter Pallavi, beginning of 2nd generation in family.	"...in the year 1991, it was the time which brought happiness for Pillai and Shubhralaxmi, as they were blessed with Pallavi, the elder daugter…"
1993	Birth of younger daughter Divya, one more 'Women' successor in family.	"...It was in the year 1993, Shubhralaxmi was pregnant again and blessed with Divya, the younger daughter..."
1994	Failure in 1st venture and winding up of business and back to automobile & transportation industry to work.	"...and finally in the year 1994, his venture suffered huge losses in 2 consecutive financial years, Pillai decided to wind up his first venture and returned to his previous place of work…"
1997	Establishment of Excel Transporter, rebirth of entrepreneur	"...his entrepreneurial orientation and experience at Commercial Auto Sales as convey in-charge led to setting up a transportation firm in 1997, by the name of Excel Transporters…"
2012	Health deterioration of founder Pillai begins	"…by the year 2012, the founder-owner Pillai started facing some serious health issues..."
2013	Unplanned entry of Divya in family business, entry of 2nd generation in family business	"...it was unplanned entry for Divya, the younger daughter in her father's business in 2013.."
2015	Best Transporter Award, success of 2nd generation women entrepreneur	"…the firm achieved 'the best transporters' award in the year 2015, by one of the most popular global brands in automobile industry i.e. Tata Motors Ltd…"
2016	Entry of elder daughter in business and issues related to transition begins….	"...in the year 2016 the elder sister, Pallavi returned to Lucknow to live with her parents. Seeing business growing and prospering, she also developed curiosity in business…"

The Journey

This journey started in the state of Kerala (Southern India). It was summer of 1979, in hot and humid weather of Kerala in the month of June, when the land of Kerala was expecting rains, an 18-year-old Pillai was thinking about his future endeavor. Right from the childhood, he exhibited signs of leadership and was an enterprising child with a positive mindset. Though he belonged to a lower middle class farmer family but he had dreams for achieving high goals and being a successful person. To give wings to his dream, he left his native place

Kerala and reached at the holy city of Allahabad situated in state of Uttar Pradesh (a northern central state of India) for better prospects.

He started his professional journey as an auto mechanic at a garage of Tata Motor's dealer Commercial Auto Sales at Allahabad. There, he barely earned Rs. 5 for the entire day's work. Pillai was a man on his mission right from the beginning of his professional career, somewhere at the back of his mind there was an entrepreneur planning to achieve his goals. His focus was on learning and getting exposure to business skill and to enhance his social network. With the passage of time, driven by his capability, commitment and responsibility; very soon he won the trust of the owner. In due course of time he got a superior role in the organization and started shunting chassis of that dealer as a driver. His experience and acquaintance on different routes steered him to become as convey in-charge.

B.M. Gupta (Owner of Commercial Auto Sales) was impressed by Pillai's commitment towards work and his trustworthiness, and eventually he sent him to Tata Motors Ltd., Jamshedpur plant, one of the leading manufacturers of commercial vehicle in India for training in a Tipper operation. This was the turning point in Pillai's professional life. His interest, inquisitiveness and capability helped him in learning even the smallest nuances of automobile industry. This training gave him dual exposure, one in terms of technical aspects of automobile industry and on the other hand on the aspects of building networks.

With the help of training at Tata and hands on experience with Commercial Auto Sales, over the time, he developed an insight on the dynamics of automobile industry. His strength of being a social person, zeal towards the industry and rich experience in automobile and transportation industry gave him a right mixture of what was required to be an entrepreneur.

Establishment of the 1st Venture

Pillai is one of those individuals who woke up early in the morning with an idea and finding a journey within, rather than finding excuses for not doing it.

During his professional journey of 8 years, from an auto mechanic to 'Convey In charge' with Commercial Auto Sales at Allahabad, Pillai had dreamt with an idea to become an entrepreneur. It is here, where Pillai demonstrated the basic instinct of being an entrepreneur, with risk taking propensity blended with an entrepreneurial mind-set for creating a venture of his own. In 1987, Pillai gave wings to his dream, owning a venture. He started a chassis body-manufacturing unit at Allahabad. After witnessing initial growth in 2 years Pillai called his younger brother Narayanan from Kerala to help in his business. It seems, here he erred rather than having an outside professional as an associate in business; he offered an opportunity to his inexperienced but qualified younger brother to join his business.

Involvement of Sibling: Conflicts Begins and Ended with Failure

To accelerate the growth of his budding business Pillai involved his inexperienced younger brother Narayanan into his venture in 1989. But there were no defined governance processes and no written guidelines regarding roles and responsibility for new entrants. Narayanan was a commerce graduate and pursuing graduation in Law (LLB), therefore Pillai expected that he might help him in managing the business. But Narayanan was a youth with a lot of personal ambitions along with a greed for success. Initially, entry of Narayanan gave a positive outcome and the business started growing. However, growth in every closely held family business leads to greed for money and power, which eventually results into a conflict. After a period of 5 years family feud grew many folds. His younger brother started malpractices, which resulted in a huge loss followed by confrontation between Pillai and his brother. The conflict became monstrous. And finally in the year 1994, when his venture suffered huge losses in two consecutive financial years, Pillai decided to wind up his first venture and returned to his previous place of work.

Rebirth of an Entrepreneur

Pillai claimed, 'an entrepreneur always learns from his mistakes and must never lose hope.' Though he left his business but his passion and hunger was steering to do something new and big. Later on, he decided to move to Lucknow (capital of a Northern state, Uttar Pradesh, India), in search of new business opportunity. Being the state capital, Lucknow had distributors for all leading manufacturers of commercial vehicle, with limited number of transporters involved in transportation of chassis. His entrepreneurial orientation and experience at Commercial Auto Sales as convey-in-charge led in setting up a transportation firm in 1997, by the name of Excel Transporters.

Excel Transporters: Business and Family Structure

Excel Transporters, was established as a small firm where all the activities were managed and controlled by Pillai himself. His core business became as chassis transportation on pan India basis. Initially he had to face stiff competition in the market but with added experience and understanding of dynamics of automobile and transport industry, he could make his presence felt in the market. It was his dedication and passion to turn his entrepreneurial dream into a reality. His social network and communication skills helped him in developing the required business networks. Due to his excellent inter personal relations; he developed a strong relationship with Tata Motors. His network at Tata Motors helped him to fetch a contract with Tata Motors Ltd, i.e. to transport chassis throughout India. This was the turning point in the business, which changed the entire business dynamics. The growth story of Excel Transporters began with obtaining this contract from Tata Motors. However, this opportunity came with several challenges too and it was not an easy journey as competition crept in simultaneously.

Meanwhile, in 1990 Pillai got married to Shubhralaxmi a girl from a small business family from Allahabad, with good values. Shubhralaxmi, who came from a strong family value system, was of great help and with a strong moral support for Pillai. Though, Shubhralaxmi wan not actively involved in the business but she was a great support in decision-making. Being a commerce graduate, sometimes she helped him in managing finances.

In the year 1991, it was the time, which brought happiness for Pillai and Shubhralaxmi as they were blessed with their elder daughter, Pallavi. It was in the year 1993, Shubhralaxmi was again blessed with a younger daughter, Divya. Hence, Pillai had two women successors in the family. It was time for the business and kids to move on. At a later stage, the elder daughter Pallavi moved to south India for higher education, while her younger daughter Divya decided to stay closer to parents and hence, went to Allahabad to pursue her graduation.

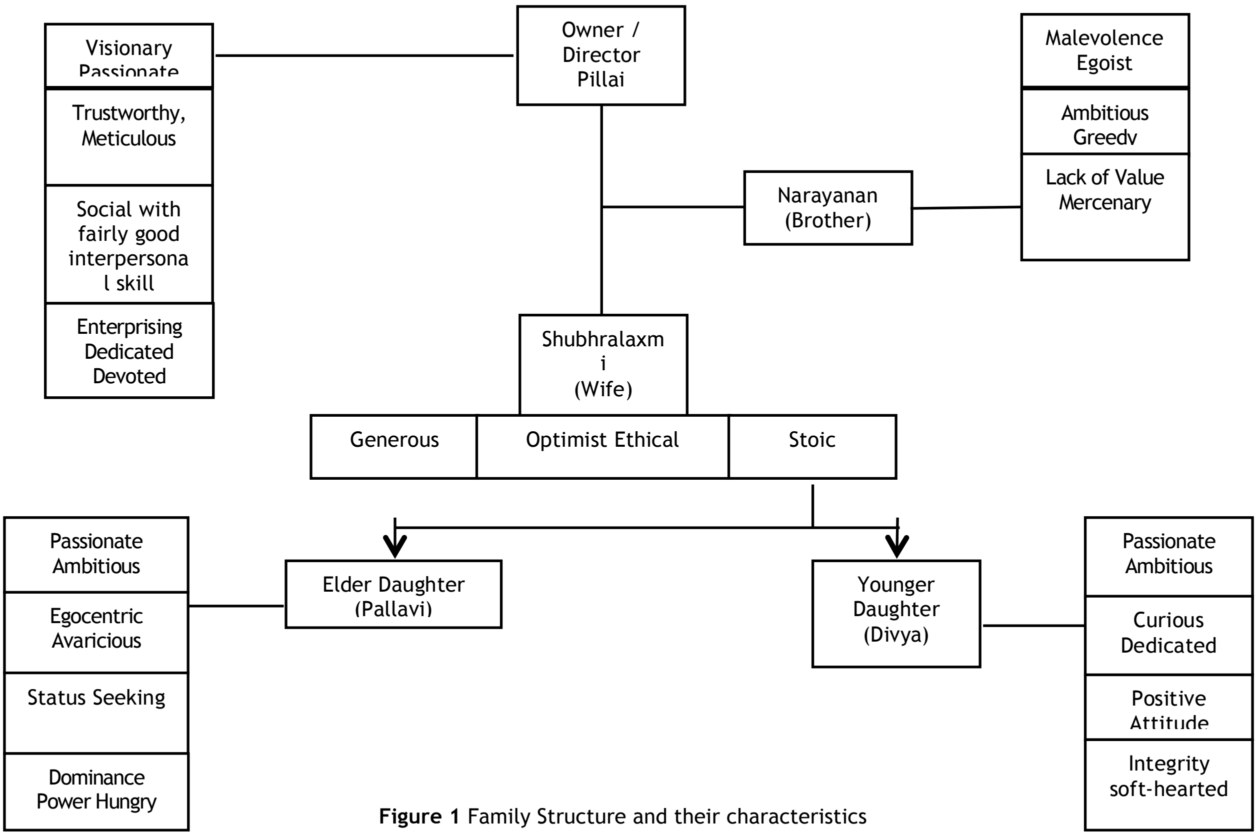

Figure 1 Family Structure and their characteristics

Excel Transporters: Organization Structure

Organization structure at Excel Transporters is based on a sole proprietorship firm. Pillai hired employees, but as a sole proprietorship firms are in their character, it followed a benevolent dictatorship. The entire decision-making was centralized in the hands of founder-owner Pillai. As an owner and considered the brain and mind behind the organization, he was not answerable to anyone. The firm lacked a defined governance structure. There was no distinguishing line between the power structure (which concerned hierarchy and authority and role pattern in organization) and strategic decisions.

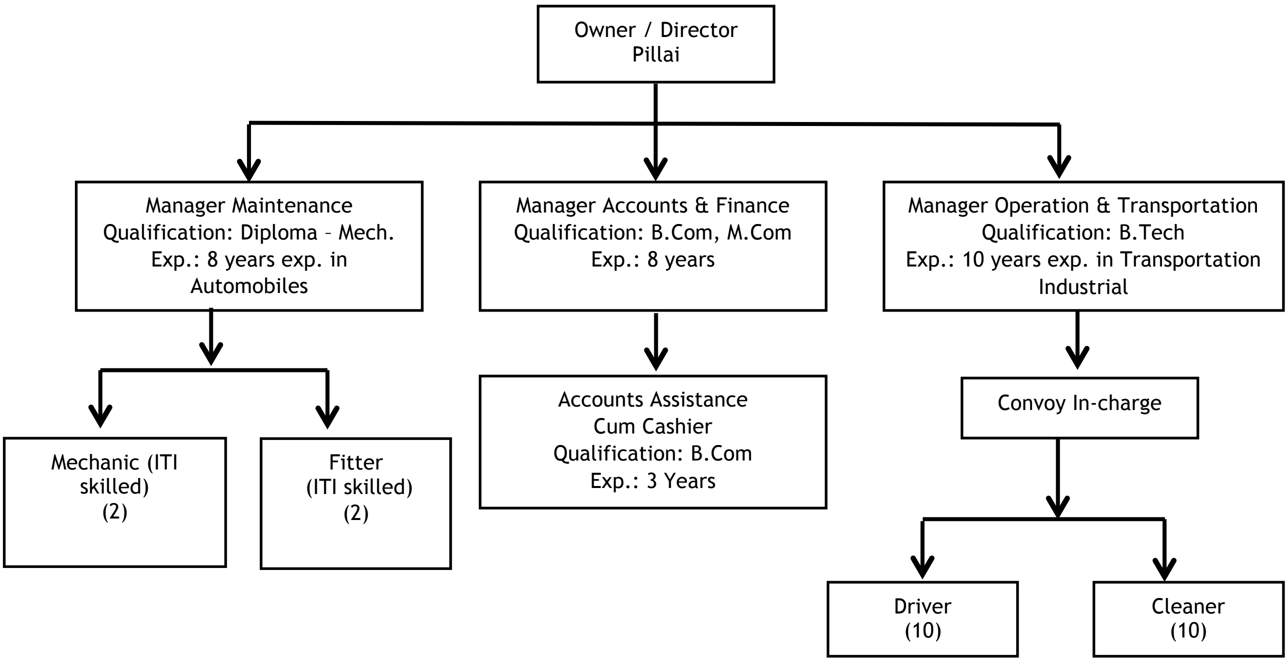

Figure 2 Organization Structure

The Trouble in the Empire: Bumpy Ride Begins

By the year 2012, the founder-owner Pillai started facing some serious health issues. His wife started insisting him in considering a break from business while reducing work stress. Due to his ill health, Excel Transporter started suffering continued losses and was hardly able to make out variable operating cost. The firm went under a substantial financial distress condition.

This was the time when the firm required an individual who could take a lead in bringing the required sustainability to the firm. The day operations were not being handled well and the employee confidence was dwindling. The employees had no clear instructions and proper directions. The environment in the firm was in total chaos. As Pillai's thoughts wandered, he found himself thinking about the future of the business, which he had so successfully built. His daughters had never been active in the business before and he felt rather uncomfortable with their ability to lead it forward. During his entire entrepreneurial and professional journey, he had never seen a women entrepreneur in the transport business. It is true that in India, the transport industry is a male dominated one and engages interaction with low and semi-skilled staff. Apart from this, he had occasional disagreements with daughters about the business and new developments. His concern, about future of this business revived with his deteriorating health. He was concerned about the transfer of his control, ownership, wealth, and business stake. The elder daughter was pursuing graduation in a city situated in Southern part of India and the younger daughter was at Allahabad, a city in the Northern state of India, pursing graduation.

His wife Shuibhralaxmi was the backbone of the family and a great support to the family system. She had rescued him during his tough times, when the venture was undergoing a rough patch. Being a homemaker, she took care of her family, efficiently. Though she was never involved actively in the business but provided interim solutions to frequent business problems. Watching her ailing husband and the collapse of family business, she decided to take the reins in her own hands. This is where she decided as to who would lead the family business. She initiated a dialogue with her two daughters on the future of the family business. Contrary to what she had expected, both of them expressed their desire to manage the family business. However, the mother saw a spark in her younger daughter, Divya and decided to shift her to Lucknow (Capital city of a northern State in India) for higher education, as the city offered good quality education. Being in the 1st year of a bachelor's course in commerce, it was an unplanned entry for Divya, in her father's business from the year, 2013. Divya being an amateur and a newcomer in the business did not think much on the pros and cons in joining the family transportation business.

Table 2 Income Statements of Excel Transporters

	2010-11	2011-12	2012-13
Sales	913,8720	5483250	2193300
EBITDA	142,1690	416750	92118
% of Sales	15.6%	7.6%	4.2%
Profit From Recurring Operations	1297820	338850	38480
% of Sales	14.2%	7.1%	1.8%
Operating Profit	1296660	372860	(23425)
% of Sales	13.9%	6.8%	
Net Finance Cost	(132450)	(148460)	(153520)
Income Tax	(320960)	(62832)	-----
Net Profit from Operation	811450	161568	(176945)
% of Sales	8.9%	2.95%	(8.06%) Loss

Note: All figures are in Indian Rupees (INR)

Second Generation: Women Entrepreneur

With no experience in the business, she was reluctantly compelled to be the decision maker. She started learning the pros and cons of operating a business. Her passion, logical thinking and entrepreneurial drive, followed by eagerness to learn developed a mystic change in her personality. In addition her ambition, passion and dedication towards work made her youngest (Partner) of transportation firm in the entire north India. Within one year of her joining the firm, the hard work of this budding entrepreneur helped her in reaching the next stage of business. The business resumed generating profits. The firm achieved the best transporter award in the year 2015, by one of the most popular global brands in automobile industry i.e. Tata Motors Ltd. With their added experience, social networking, fresh inputs and enthusiasm they got the contract from Ashoka Leyland (yet another large vehicle manufacturer) for chassis transportation across India. They started spreading their wings into southern India also.

Even though women entrepreneurship and the formation of women business networks are steadily rising, Divya underwent a number of challenges and obstacles that a women entrepreneur would have undergone. One major challenge that many women entrepreneurs undergo is the traditional gender-roles society for women. This is where Divya was looked upon if she could deliver results in a male dominated business? Entrepreneurship is still considered as a male-dominated field and it may be difficult to surpass these conventional views. Other than dealing with the dominant stereotype, women entrepreneurs face several obstacles related to their businesses. Here too, Divya was considered as a novice entrepreneur who would fall flat in the longer run yet her courage and determination failed the contemporaries.

Second Generation Conflict: Rivalry among Sisters

In-between Divya, took up an MBA in Entrepreneurship from renowned Private University in Lucknow, for advancing her skills and knowledge. Meanwhile in the year 2016 her elder sister Pallavi returned to Lucknow to live with her parents. Observing that the business is growing and prospering, she too developed propensity and curiosity towards the family business. The elder sister also got her admission in the same business school to pursue an MBA where Divya was already studying. Pallavi by this time started having ambitions of owning and controlling the family business. A kind of sibling rivalry developed between the two sisters.

Divya completed her MBA and took charge of the family business. After a year, the elder sister Pallavi post completing her MBA started active participation in the family business. Contrastingly amongst the two sisters, Pallavi was more educated but less exposed to father's business. On the other hand Divya was not only educated, but she also had the advantage of an initial exposure to the family business, This she had been handling for quite some time along with her father.

Meanwhile, the elder daughter Pallavi got married to one of her batch mate. With this marriage Pallavi tried to take an upper hand in the business and started dominating Divya. She thought of having an advantage in the family business as her husband (could make an entry), who would be beneficial for this male oriented business. With this, the third stakeholder also emerged in the family business. This kind of situation typically occurs within closely held family businesses where the organization structure is founder/owner centric and all authorities toward decision-making lies with owner. Moreover, there was no governance structure at Excel Transporters to define the degree of control, delegation of authority, responsibility and transition in the absence of the founder-owner.

Transition Issues: The Imbroglio

Pillai's health has started deteriorating and so were a plethora of unanswered queries. Currently, the family must be hedged against all odds, a primary reason to start his venture. At the same time the business cannot be ignored. There are transition dilemmas for the founder. Pillai has two daughters and one day one of them would be the successor as he had claimed. However, the biggest challenge he fore sees is passing the baton to the identified heir. Any one or both daughters could be as an heir? Or is there a choice outside the family? The second one is remote as not until now any one has been identified neither based on organizational competencies or proximity to family and loyalty.

Therefore, who would take over, if amongst the two daughters? Will there be a partition/division in ownership? What will happen when one or both move forward in life post their respective marriage? What would be the involvement of their respective spouses, if they decide to engage in the family business? Several unanswered questions have started striking Pillai. It is definitely not an easy one. This is where the toughest part of family business is, when the successors are women. The Indian society confines the roles and capability of women in general. Accepting a woman running a family transport business was never going to be easy when the successor is not certain and clear, then transition of business, wealth and ownership from one generation to other become highly complicated in a VUCA (volatile, uncertain, complex, ambiguous) world.

Currently, the firm is in deep imbroglio with the following challenges, unattended, unresolved and forthcoming.

i. Who will take up ownership of the firm? Elder or the younger daughter?
ii. What shall be the basis of transfer of ownership and Control?
iii. If business is to be divided then, how?
iv. Internal resistance by employees in respect of change, particularly acceptance of women successor by senior employee.
v. Managing conflicts and particularly on transition.
vi. Is it the right time to start putting the corporate governance structure in place?

Conclusion

It is imperative for family businesses to adopt a proper and effective succession planning in order to ensure that they can continue to sustain and survive in the global competitive era. Family with loving and caring ingredients will not only put individual family members in a favorable position, but also to the business they own and manage. As a result, the next generation will be able to follow the footsteps of their forefather to expand their business and bring the family firm to the next step of success. A social structure of gender lens could advance our understanding of family business succession.

Results indicate that absence of corporate governance (ownership) structure leads to conflicts in the transfer of power position in CHFB. This research reflects the necessity of professionalizing the family business to avoid breakdown of communication and trust within the family unit, inadequately prepared heirs, forced entries of sibling in the business with no competence besides the patriarchs' distribution of ownership and business.

Implications

Several studies suggest that, all across the world majority of family businesses failed, during transition from one generation to another. This case discusses the importance of corporate governance structure in a family business to handle conflicts and transition management in a CHFB. The findings shall help family businesses to understand in a better way, the importance of preparation level of heirs, governance structure and the relationship between family and business members.

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Teaching Notes

Synopsis

Excel Transporter is a typical family owned and a family controlled business initiated by Pullampilel

Kochupillai Achuthan Pillai (Founder-Owner, here by referred as Pillai). He was an entrepreneur driven by a passion to start a venture. This case reflects the entrepreneurial journey and the family business established by Pillai. Pillai had adventured from his native state of Kerala (a southern most state in India) to Allahabad (A city in Northern India) in the year 1979. Thereof, he started his career as a motor mechanic in a garage with a leading Motor manufacturer, Tata Motors. Obtaining experiential learning was the main motive and his intrinsic desire. Soon he shifted to the Lucknow (the capital city of Uttar Pradesh, a state in Northern India) and persuaded his brother to join him for a similar work exposure. As the business expanded so did the challenges of VUCA (volatility, uncertainty, complexity, ambiguity) in the family and the family business, Excel Transporter. The firm started reflecting weaknesses that were deep rooted in the business. There were no fixed responsibilities. The firm began its downfall with the financial mechanism also crippling speedily. The emotions came in between the business and the family while as an outcome of both, wealth started eroding.

Though initially he failed, but with a strong will power and passion Pillai fought back and resumed the business. However, after running his business successfully for few initial years, he had some medical issues and wasn't able to continue. Pillai has two daughters and it is understood that one day, one of them would be the successor. However, the biggest challenge of having heir is both are females. Who would take over? There is a debate over females taking the baton and are considered to be incompetent and emotionally unfit to take over the family reigns, as understood in the local culture! Will there be a partition/division in ownership? What will happen when one or both decide to move out in personal life with their spouses post marriage? Will there be an involvement by their respective spouses? Several unanswered questions started striking in Pillai's mind.

This is where the toughest part of family business is, when successors are women. Indian society confines the roles and capabilities of women in general. Accepting a woman running a family transport business was never going to be easy when the successor is not certain and clear. The transition of business, wealth and ownership from one generation to other becomes highly complicated and complex.

With no clear guidelines and absence of corporate governance structure the siblings are in a conflict like situation. Had Pillai planned transition or had incorporated corporate governance, Excel Transporter would have been a much more successful closely held family business (CHFB).

Methodology for teaching

I. Distribute the case at least five (5) days in advance
II. Assign the students / Scholars to write a synopsis (300-400 words) after reading the main case
III. First Class 60 minutes:
    1. 10 minutes discussion on the synopsis
    2. 30 minutes on the main case and identifying issues
    3. 20 minutes on opinions on various issues
IV. Second class 60 minutes:
    4. 20 minutes discussion on questions 5a…d
    5. 30 minutes discussions on theory, and implications as connected with main theme on "transition management in a family business"
    6. 10 minutes learning from the case.

Teaching Objectives:

1. To understand what a closely held family business means (CHFB).
2. To examine what is transition management in CHFB
3. To demonstrate issues and conflicts arising at the time of transition in CHFB
4. To address the complexities in transition in case of women successors.
5. To examine the significance of planning and corporate governance in a CHFB its benefits in handling conflicts during succession and transition cycle in a CHFB.
6. To demonstrate the relevance of professionalizing a CHFB.

Learning Outcome

1. To understand conflicts arising out of transition in CHFB?
2. Complexities of transition in case of women successors.
3. Significance of corporate governance and professionalization in a CHFB.

Identification of intended course(s):

Entrepreneurship, Family Business, Conflict Management, Strategy

Discussion Questions in class:

1. What do you understand by closely held Family Business (CHFB) and how it's different from non-family business?
2. What is transition planning; elaborate the significance of transition planning in CHFB?
3. What were the issues concerning transition and conflict in the case?
4. What are the challenges faced by women successor; and how women successor different from male successor?
5. Discuss the significance of corporate governance in mitigation of conflicts during transition in CHFB.
6. After analyzing case, discuss the current scenario, transition dilemmas and the way out.

Discussion Questions

1. What do you understand by closely held Family Business (CHFB) and how it's different from non-family business?

Family businesses are one of the foundations of the world's business community. Their creation, growth and longevity are critical to the success of the global economy. Donnelly (1964), however, defines a family business as a company that: "has been closely identified with at least two generations of a family, and when this link has had a mutual influence on company policy and on the interests and objectives of the family. Such a relationship is indicated when one or more of the following conditions exist:
a) Family relationship is a factor, among others, in determining management succession;
b) Wives or sons of present or former chief executives are on the board of directors;
c) The important institutional values of the firm are identified with a family, either in formal company publications or in the informal traditions of the organization;
d) The actions of a family member reflect on the reputation of the enterprise, regardless of his formal connection to the management;
e) The relatives involved feel obligated to hold the company stock for more than purely financial reasons, especially when losses are involved;
f) The position of the family member in the firm influences his standing in the family;
g) A family member must come to terms with his relationship to the enterprise in determining his own career."
Donnelly's (1964), definition covers two interacting dimensions of the family business, i.e. the family and the business. The understanding here is that to function properly, a business family may benefit from effective family governance, while the business may benefit from corporate governance.

2. What is transition planning? Elaborate the significance of transition planning in CHFB.

In a closely held family businesses transition is basically an intergenerational transfer of wealth, business and ownership. Haberman & Danes (2007), emphasizes on three major issues for smooth and successful transition process, first the legal transfer of property, which is concerned to the law, second transfer of decision authority, which is about power structure and the third one is interaction among family business members. Stewart & Danes (2001), advocated that a growing consent about the separation between power structures, which concerns hierarchy and role patterns, and power interaction. This deals with negotiations, influence strategies, and conflict management processes.
Louise, et al. (2002), succession is a dynamic process during which the roles and duties of the two main groups of individuals involved, i.e., the predecessor and the successor, evolve interdependently and overlap, with the ultimate goal being to transfer both the management and ownership of the business to the next generation. The existing models are based on the principle that the process begins well before the successor is brought into the business and ends when the predecessor retires. As shown in Figure 1, the phases in those models (Barnes & Hershon, 1976; Longenecker & Schoen, 1978; Churchill & Hatten, 1987; Handler, 1990; Holland & Oliver, 1992; Hugron & Dumas, 1993) can be summarized as follows: the initiation phase, the integration phase, the joint management phase, and the retirement phase.

3. What were the issues concerning transition and conflict

Transition in a CHFB is always a challenging job especially when business is in distress and have inexperienced female successor. Transition in

CHFB leads to several conflicts related to transfer of ownership, wealth and business. Major conflicts faced by most of the CHFBs are:

- Who will run business? Family member or outside management?
  In absence of founder owner-manager who will run or manage business whether a family member or an outside professional, is the first conflict that arises during transition from one generation to next. Founder needs to decide whether to select a successor from within family or outside family. Several family members may each aspire to take the reins, and talented as well as experienced non-family executive may also interested in leading the business.
- Who will control wealth, ownership and business?
  In case of more than one successor, it may cause conflict within family as well as in business that owner and manager will be one person or multiple. Control of wealth is a matter of law in respect of transfer of property to legal heir; control of ownership is again a legal affair, which comes with control of business in case of CHFB, focusing on decision authority and power structure.
- Active Vs. Inactive successor
  In transition identification of active and inactive successor is a big challenge, sometime it has been observed one successor is involved in family business with predecessor, hence being an active member becomes a natural choice for transfer of control, but when inactive successor claims his/her rights then conflict arises.
- Expectation Vs. Reality
  Although setting expectation, philosophy and values is central to many family business issues and doing so is essential when it comes to succession planning, but in the case of a successor unable to cope up with expectations, philosophy and values set by predecessor, it may lead to conflict.
- Non-alignment of business future
  This conflict is an outcome of generational gap in terms of thought process and vision between predecessor and successor.

These could be a real time VUCA challenge (Abidi & Joshi, 2017), where failure is not an option, but failure to learn from failures, certainly would be a failure. There must be early resolutions in the family business.

4. What are the challenges faced by women successor; and how women successor are different from male successor?

Hishrish, & Brush, (1984), Helgesen (1990) and Brush (1992) have illustrated that women are different from men in their business dealings in many ways. For example, women owners perceive their managerial skills, to be as good communicators followed by appropriate interpersonal relationships with teamwork. Brush's (1992) & Folker (1999) have found, contrary to their male counterparts; women see their business operations and the business as a cooperative network of relationships rather than just a profit center. Such an attitude would explain why they are more open to sharing, less distrustful, more conciliatory, less directive, more attentive, and less competitive in their business dealings. Lee-Gosselin & Grisé (1990), states as women give more weightage on human and social values, their value system moderately describes their so-called "feminine" style of management.
For woman entrepreneur the nature of business is also a very crucial factor. In this particular case where women successors have to manage a transporter business, they have different challenges and conflicts. Transportation field is considered to be a male dominated business and not fit for women. There are many problems that women may undergo in such situations:-

1) People around them consider that the "little girl" (in their eyes a girl never grows up in business) doesn't know much and that she cannot substitute a male (in a rather male driven chauvinistic society)
2) The disliking of elderly and older employees, ego problem of gender, etc.
3) Decision-making is viewed from emotional perspective and that's what girls are primarily woven around.
4) Women entrepreneurs cannot be a lead marketer. It is one of the core problems, as males and even women with adequate experience fail to make a dent in this area.
5) Family Conflicts: Women undergo role conflicts both as a homemaker and as a member in the business, incase of engagement with the family business. They spend long hours in business and as a result, they find it difficult to meet the demands of their family members and society as well.

5. Discuss the significance of corporate governance in mitigating conflicts during transition in CHFB.

The nature of ownership structure in family firm differs in several important ways from the widely held companies. According to Ward (2001), the main differences are: family business owners are less in numbers and identifiable; apart from business they have lifelong, interpersonal relationship and apply a long-term view of their actions. Secondly, besides purely economic goals, ownership has non-economic meanings. Thirdly, the ownership position cannot be easily left, both financially and emotionally.

Thus, Gompers et al. (2003), have defined corporate governance (CG), as a combination of relationships among all stakeholders, which comprises of a company's management, its board and its shareholders to improve organizational efficiency and market competitiveness. Principally, corporate governance is about protecting the concerns of a company's stakeholders, and ensuring that all their interests are balanced. Therefore, in case of family businesses, to offer a better transparency to the principal stakeholders, corporate governance should be accomplished through main elements of CG, such as board supervision, auditing process and financial disclosure as well as institutional and societal arrangements.

The family aspect is what differentiates family businesses from their counterpart non-family businesses. As a consequence, the family plays a crucial role in the governance of these businesses. When the family is still at its initial founder(s) stage, very few family governance issues may be apparent as most decisions are taken by the founder(s) and the family voice will be still unified. Over time, as the family goes through the next stages of its lifecycle, newer generations and more members join the family business. This implies different ideas and opinions on how the business should be run and how its strategies are set. It becomes mandatory, then a clear family governance structure that will bring discipline among family members, preventing potential conflicts and ensuring continuity of the family's business.

Sarbah and Xiao (2015) have defined that a well-functioning family governance structure should mainly focus on:

i. Communicating the family values, mission, and long term vision to all family members.
ii. Keeping family members (especially those who are not involved in the business) informed about major business accomplishments, challenges, and strategic directions.
iii. Communicating the rules and decisions that might affect family members' employment, dividends, and other benefits they usually get from the business.
iv. Establishing formal communication channels that allow family members to share their ideas, aspirations and issues.
v. Allowing the family to come together and make any necessary decisions.

Developing such a governance structure will help build trust among family members (especially between those inside and outside of the business), and thus unify the family thereby increasing the viability of the family business.

As the family business grows, the relationship amongst the owners, managers and employees becomes more complex. To manage such complexities, it is required to have a good corporate governance system in place. Gulzar and Wang (2010) have stated that increasing growth and globalization shall bring many challenges for family businesses. Most of these challenges can be tackled by adopting sound corporate governance structures. Gatamah (2008) emphasizes upon the corporate governance, which creates a solid organizational structure that clarifies roles, reporting lines and delegation of responsibility. It also draws the line between ownership and management and separates policy direction from the day-to-day operations of the company.

A good governance structure helps in resolving conflicts within the family, thereby permitting the family members to concentrate on other crucial issues concerned with the business. This would invariably lead to a transparent decision-making system and procedures ensuring fairness, which is desired to mitigate conflicts and thereby nurturing the goodwill of the family firm.

6. After analyzing case, discuss the current scenario, transition dilemmas and the way out.

There are transition dilemmas for the founder. Pillai, who has two daughters and that one-day one of them, would be a successor. However, the biggest challenge being, both likely to be heirs as females. In a male driven chauvinistic society will the females get an edge to lead, as choices are limited? Who would take over? Will there be a partition/division in ownership? What when one or both get married and moves out? What would be the involvement of their respective spouses?

Several unanswered questions have started striking in his mind. This is where the toughest part of family business is, when the successors are women. Indian society confines the roles and capability of women in general. Accepting a woman running a family transport business was never going to be easy when the successor is not certain and clear, then transition of business, wealth and ownership from one generation to other become highly complicated and complex. Pillai may define the degree of control and stake of both daughters through a legal written document either in the form will or through well-defined corporate governance structure with clear stake holding and well defined role and responsibility, degree of control. This may be late but the quickest way out. In this way, Pillai may mitigate the anticipated conflict marginally as well as can hedge the risk of splitting of his established family business.

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Family businesses and sustainable tourism, a valuation of multi-stakeholders in Nanacamilpa of Mariano Arista, Tlaxcala. Case study: Sanctuary of the fireflies

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Family business, sustainable tourism, multi-stakeholders.

Abstract The objective of the present article is to evaluate the perspective of sustainable tourism in family business through a perspective of multi-stakeholders in the Sanctuary of fireflies of Nanacamilpa of Mariano Arista, Tlaxcala. An assessment was made of the different actors (family businesses, local authorities, civil society) in 4 areas: Environmental and resource management; Economic wellness; Socio-cultural well-being; Public policies and training, to assess the sustainability of the Sanctuary. With the methodology of analysis and evaluation developed, it was found that the family companies present a medium performance of sustainable tourism in the areas of Environmental and resource management, as well as in Public Policies and training. The results are expected to include sustainable tourism in the sanctuary of fireflies, through the participation and integration of stakeholders, to impact the dimensions of sustainability.

CÓDIGOS JEL
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PALABRAS CLAVE
Empresas familiares, turismo sustentable, multi-stakeholders

Empresas familiares y el turismo sustentable, una valoración de multi-stakeholders en Nanacamilpa de Mariano Arista, Tlaxcala. Estudio de caso: Santuario de las luciérnagas

Resumen El objetivo del presente artículo es evaluar la perspectiva de turismo sustentable en empresas familiares a través de una perspectiva de multistakeholders en el Santuario de luciérnagas de Nanacamilpa de Mariano Arista, Tlaxcala. Se obtuvo una valoración de los diferentes actores (empresas familiares, autoridades locales, sociedad civil) en 4 áreas: Gestión ambiental y de recursos; Bienestar económico; Bienestar socio-cultural; Políticas públicas y capacitación, para evaluar así la sustentabilidad del Santuario. Con la metodología de análisis y evaluación desarrollada se encontró que las empresas familiares presentan un medio desempeño de turismo sustentable en las áreas de Gestión ambiental y de recursos, asi como en Políticas Públicas y capacitación. Con los resultados se espera la inclusión de un turismo sustentable en el santuario de las luciérnagas, mediante la participación e integración de los stakeholders, para impactar en las dimensiones de la sustentabilidad.

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Introduction

Tourism is considered as a tool to achieve economic development and the sustainability of the environment. According to Kimmel, Perlstein, Mortimer, Zhou, and Robertson (2015) in 2014, more than one billion tourists traveled internationally, an increase of 4.4% over the previous year, marking an impressive growth rate taking into account the challenges facing the global economy as a whole (United Nations World Tourism Organization 2015). Tourism represents up to 9% of world GDP and one out of every 12 jobs worldwide (UNWTO, 2013). The United Nations Conference on Sustainable Development recognized the importance of tourism in its final document: "We emphasize that well-designed and managed tourism can make a significant contribution to the three dimensions of sustainable development, has strong links with other sectors, can create decent jobs and generate business opportunities. We recognize the need to support sustainable tourism activities and the creation of relevant capacities that promote environmental awareness, conservation and protection of the environment, respect for fauna, flora, biodiversity, ecosystems and cultural diversity; improve the well-being and livelihoods of local communities by supporting their local economies, the human and natural environment as a whole" (United Nations, 2012).
According to the World Tourism Organization (1993), sustainable tourism is one that meets the current needs of tourists, protecting the sites that receive them, thus safeguarding the opportunities for the future to take advantage of those destinations. That is, sustainable tourism results in the integration of a model of economic development that not only guarantees an improvement in the quality of life of the communities where it is carried out, but a sustained conservation of the environment and culture by both the host community and tourists.
Getz and Carlsen (2005) point out that tourism offers many opportunities to family businesses, being able to be vital for the experiences and the satisfaction of the clients, and for the destiny or the community development. The tourism and hospitality industry is dominated by small and family businesses, many of which are initiated or bought by entrepreneurs who are interested in self-employment as a way of life and not only for economic reasons (Getz and Petersen, 2004; Blichfefdt, 2009).
Dreher and Tomio (2004), in a study carried out with family companies of tourist services of Blumenau, observed that most companies do not have professional management, are reactive to market changes and centralize decisions and functions by imposing internal barriers to innovation and competitiveness.Atejevic (2009), revealed that decisions in small tourist businesses are made by one or two people who tend to respond to sudden market opportunities. The authors observed the lack of professionalization of the management, thus running a strong risk for its permanence and development. In addition, rural and peripheral areas are especially influenced by the results of family businesses, which is why research aimed at these configurations should be a priority (Morrison, Carlsen and Weber 2010). Therefore, the present article promotes the participation of diverse actors in the valuation of sustainable tourism, taking into account the point of view of the social sector, business, and government authorities, to generate projects that are beneficial for the region.
García and Makinen (2013) mention that the procedures for evaluating sustainable tourism practices should reflect the complex and dynamic nature of sustainability and tourism, which implies a network of relationships and interactions between multiple stakeholders each with a unique set of specialized knowledge with diverse and divergent points of view (Fennell, 2006; Jamal and Stronza, 2009; Saarinen, 2006). The challenge of the evaluation process then adds the subjective and dynamic meaning of sustainability, which varies between different interest groups.
As a result, the assessment of sustainability in the context of tourism can not only be seen as the implementation of strategies from higher to lower levels, but of the active involvement of the multiple stakeholders around the evaluation, that allows tourism organizations to participate in close collaboration with stakeholders for the sustainability of their day-to-day practices. The latter helps tourism organizations not only to deal constructively with their differences, but also to contribute to the sustainability of their own destinies by defining the sustainability objectives that are in harmony with the interests and perceptions of the various stakeholders (Smith and Duffy, 2003).
The objective of this article is to evaluate the perspective of sustainable tourism in family business through a perspective of multistakeholders in Nanacamilpa of Mariano Arista, Tlaxcala. Case Study: Firefly Sanctuary.
The Sanctuary of the Fireflies in Nanacamilpa of Mariano Arista, Tlaxcala, is a natural attraction that offers to the tourists who visit it the sighting of the

fireflies in their period of reproduction, which is recorded on trails in the middle of the forest, mainly when there is a humid climate, with the presence of some light rain, occurs around 20:30 and 21:15 hours, the fireflies are very accurate and the phenomenon is observed for 45 or 50 minutes, although it has been seen that sometimes it gets repeated around one in the morning. It is important to mention that Nanacamilpa and the North Island of New Zealand are the only two sanctuaries in the world where fireflies reproduce in these quantities (Ramírez, 2014). In the Sanctuary of the fireflies of Nanacamilpa there is a tourism of environmental exploitation, causing biological, socio-cultural and economic impacts in the territory, it needs to be studied because to date there is no information to measure the carrying capacity, care and preservation of the environment, as well as sustained economic growth and equity in social participation, which eventually and in the medium term can lead to irreversible damage to the tourist attraction.

In order for people to visit the Sanctuary of fireflies in Nanacamilpa, the municipality currently offers its regional visitors, national and foreign, a shelter that has cabins, campsites, sports courts, children's games, guided hikes, abseiling, a small dam ideal for fishing and boat rides, horseback riding and practice area for mountain sports. The destination incursion in the tourism "Nature" described by Blanco (2012) as nature tourism, which generates an important economic spill that translates into the contribution of 0.037% to the national GDP (Canseco, 2015), resulting in a moderately representative amount compared to the 3.8% represented by the tourism sector in general for the national GDP in 2015 (INEGI, 2015).

According to a study carried out in 2012 by the Department of Zoology of the Institute of Biology of the UNAM, Nanacamilpa is home to fireflies belonging to the genus Macrolampispalaciosi. This species does not coincide with any of the known species, therefore, it is considered an endemic species of the municipality. The firefly habitat sits in the oak forest of Nanacamilpa, and through the Environmental Services Program, the conservation and protection of the richness of its biodiversity is promoted (ComisiónNacionalForestal, CONAFOR 2013).

Theoretical framework

The company and its environment

Traditionally the company was born as an organization whose function was the accumulation of capital and attempts at social improvement were not considered, since the only interests contemplated were those of the shareholders. In the context of the industrial revolution, the capitalist entrepreneur reinvested most of the surplus generated and carried out his social function, from his pursuit of economic gain. It was not until the level of accumulation was enough, that the owners of the companies joined the philanthropic work. Thus, at the end of the 19th century, a business philosophy was developed, which recognized that the company was based in a certain community and therefore was due to it (Carnegie, 1889).

On the other hand, the economy and the existing industrial conditions demand an increase in the different forms of interaction between the companies and their stakeholders in order to subsist. Issues such as ecological sustainability, transparency and accounting, human rights and labor relations, and corruption are some of the issues faced by global companies on a daily basis.

In addition, specifically for primary stakeholders such as owners, employees, customers and suppliers, an issue of interest is the interaction and action by business leaders on these specific issues. It is also important to consider that thanks to the advance of technology in communication, the internet is today information and organization tool that can help the dissemination of professional practices or have a negative effect if the company does not perform ethically since the information about their business practices can be used against them.

In regard to Corporate Social Responsibility (CSR), also called Corporate Social Responsibility, is now a trend and a global corporate strategy that is increasingly taking shape within the business sphere, in which each country has developed and adapted the issue in its own way and has imprinted its own cultural nuances. Stakeholder theory asserts that company managers should not only satisfy shareholders but a wide variety of groups that can affect or be affected by the results of the company and without which it would cease to exist (Argandoña, 1998 , Donaldson and Preston, 1995, Freeman and Reed, 1983, Maignan and Ferrell, 2004). The view of this theory has been considered primarily as strategic, since it believes that CSR is capable of increasing the competitive advantage of companies.

Sustainable companies

Organizational sustainability is the link between the physical environment and activities and economic policies, which could be achieved through the adequate performance of companies (Simon, 1989), according to what has been considered as the main dimensions of organizational sustainability (the Triple Baseline), which are social, environmental and economic factors (Hernani and Hamman, 2013). Such conceptualization is fully qualified to incorporate what is necessary to evaluate the impacts of these three dimensions, adopting a popular and common phrase in the business environment: "People, Planet and Utilities" (Hill and Seabrook, 2013), providing the reflection where a company being sustainable protects its personnel, its property and its environment, because that will provide the necessary resources for its performance.

On the other hand, sustainable development has the capacity to develop technologies and products that provide solutions to environmental and social challenges. It can help create new businesses, new markets, new livelihoods and foster economic development. (Instituto de la Empresa Familiar 2011).

Sustainable tourism

Tourism is considered as a significant element for the economic, social, cultural and even environmental development of a specific country or region (Serrano et al., 2010)Tourism that incorporates the community recognizes the importance of the individual by improving their conditions of life. The type of offer revolves around the resources natural resources in the area, and services are community to impact on their economic well-being and Social (Sanchez and Vargas, 2015).

Methodology

For the development of the research we considered the perspective of "Multi-stakeholder thinking" that is a representation of three or more interest groups and their points of view on the processes that encompass their dynamic. This perspective offers in the sustainable tourism, the visualization of multiple perspectives and experiences, which allow to construct knowledge and to develop capacities to reach social and environmental objectives (Hemmati, 2002). In the evaluation of sustainability, the "Multi-stakeholder thinking" minimizes the inconvenience of the simple consideration of one of the interested parties and shows the benefits of a greater inclusion in the evaluation process (Jamal, Stein, y Harper, 2002). In the study of the sanctuary of the fireflies identified the main interest groups, in which sustainable tourism impacts: the public sector, the private sector through family businesses and civil society.

Therefore, using non-probabilistic snowball sampling, people belonging to each stakeholder group were chosen to evaluate their views on sustainability practices at the Firefly Sanctuary, finding practices that need greater attention from policy-makers and sustainable tourism planners. Primary data were obtained through personal interviews by means of questionnaires and field observation. The instrument was evaluated by means of a pilot test applied to a representative of each sector, to verify the clarity of the questions.

To obtain information from the public sector, there were 2 questionnaires applied to personnel of the City Council of the Municipality of Nanacamilpa, with activities related to tourism; of the Private sector, the same number of questionnaires were applied to 2 family companies that provide services in the area of the Sanctuary; in the civil society sector was the same number of questionnaires to maintain the proportion in the data, seeking that the participants of the society had a rooting and leadership in the zone.

The design of the questionnaires was based on the principles and indicators of sustainable tourism development and its impacts on the local environment, adapted from Lei Tin and Rusell (2014), Bui (2000), Choi and Sirakaya (2006), the United Nations Environment Program (UNEP) and the World Tourism Organization (UNWTO) (2005). The questions assess the socio-economic, cultural and environmental impact of sustainability practices, in areas of: Environmental and resource management; Economic well-being, Socio-cultural well-being; Public Policies and Training, rating their opinion on a five-point Likert scale (1-strongly disagree and 5 strongly agree). Below are the different areas evaluated, within the framework of "triple-bottom-line" as well as planning and development.

Table 1 Evaluation in environmental and resource management

Environmental and resourcemanagement
Our operation has been successfully implemented:
EnergySavingMethods
Watersavingmethods
ReforestationPractices
Reduction of garbage in the forest
Practices to protect the species of fireflies
Practices to reduce soil erosion
Actions to encourage reproduction of the species of firefly
Tourism has significantly helped to improve the protection of the environment in the firefly sanctuary

Source: Authors

Table 2 Evaluation in Economic wellness

Economic wellness
Tourism promotes local businesses related to tourism
Tourism promotes other local sectors of the economy (agriculture, food processing, services, etc.)
Most local employees are doing poorly paid jobs
A significant portion of the local population earns income from jobs related to tourism
Tourism creates many jobs, as well as hotels and restaurants
Many food and beverage vendors are from outside this area

Source: Authors

Table 3 Evaluation in Socio-cultural wellness

Socio-cultural wellness
Tourism in this area increases:
Number of poorpeople
Gap between the poor and the rich
Opportunitiesforwomen
EducationOpportunity
Local arts and craft production
Historical and cultural conservation
Theincidence of delinquency
Congestion (in terms of traffic)
Negative impacts on local values of culture and tradition
Effort in the preservation of traditional festivals, social values and cultural diversity

Source: Authors

Table 4 Evaluation in Public policies and training

Publicpolicies and training
The government has clear regulations / guidelines on the protection of the environment
We do not know much about tourism plans in the region
Consultation with various local agencies for tourism planning
We have been involved in tourism planning in the region
The participation of society is not significant in the development of tourism
Local people do not know so much about the development of tourism
Regional development plans for tourism are not published
The participation of society is not effective
We have programs / information to educate visitors on sustainable development
There are programs / information to educate local society on sustainable development
We have training programs in sustainable development for our employees (for the private sector)

Source: Authors

This research, in addition to considering the "Multi-stakeholder thinking" perspective, adds in a coordinated and consistent way the impacts in the economic, social and environmental levels, not only in its productive activities, but also in defining their policies and actions to achieve sustainable tourism with the participation of family businesses; the description of strategies and the architecture to be designed, respond to the need to generate and deliver satisfactorily a service, without harming the environment. Subsequently the evaluation was obtained through the questionnaire applied to 2 representatives of each sector: Family businesses, local authorities and civil society.

With these amounts, the averages for each sector were calculated for each of the areas, to have a comparison between different stakeholders. Likewise, the scores with higher and lower results are analyzed, to support the possible actions and improvement programs to be carried out.

Results

The following tables 5-8 correspond to the results of the corresponding study areas.

Table 5 Results environmental and resource management

Environmental and resource management	Private sector		Public sector		NGO-Society		
Environmental and resourcemanagement							
EnergySavingMethods	2	3	3	2	1	2	13
Watersavingmethods	4	4	4	2	1	1	16
ReforestationPractices	3	2	5	3	1	2	16
Reduction of garbage in the forest	4	3	5	2	2	3	19
Practices to protect the species of fireflies	2	1	5	1	1	2	12
Practices to reduce soil erosion	2	1	5	1	1	2	12
Actions to encourage reproduction of the species of firefly	2	1	3	1	1	2	10
Tourism has significantly helped to improve the protection of the environment in the firefly sanctuary.	2	1	3	1	1	2	10
	21	16	33	13	9	16	
	2.625	2	4.125	1.625	1.125	2.5	
		2.3		2.8		1.5	
	In disagreement		Indifferent		In disagreement		

Source: Authors

Table6 ResultsEconomicwellness

Economicwellness	Private sector		Public sector		NGO-Society		
Tourism promotes local businesses related to tourism	3	3	3	3	4	3	19
Tourism promotes other local sectors of the economy (agriculture, food processing, services, etc.)	3	3	4	2	4	4	20
Most local employees are doing poorly paid jobs	3	3	3	5	5	3	22
A significant portion of the local population earns income from jobs related to tourism	4	4	3	1	5	4	21
Tourism creates many jobs, as well as hotels and restaurants	4	4	3	1	4	3	19
Many food and beverage vendors are from outside this area	4	4	3	3	5	4	23
	21	21	19	15	27	21	
	3.5	3.5	3.166	2.5	4.5	23.5	
		3.5		2.83		4	
	In disagreement		Indifferent		In disagreement		

Source: Authors

Table 7 Results Cultural wellness

Socio-cultural wellness	Private sector		Public sector		NGO-Society		
Tourism in this area increases:							
Number of poorpeople	3	3	2	2	3	3	16
Gap between the poor and the rich	3	4	3	2	4	3	19
Opportunitiesforwomen	3	4	4	1	5	4	21
EducationOpportunity	3	3	4	1	2	1	14
Local arts and craft production	4	4	5	2	4	4	23
Historical and cultural conservation	3	3	4	1	3	3	17
Theincidence of delinquency	4	3	4	2	3	4	20
Congestion (in terms of traffic)	4	5	4	3	5	5	26
Negative impacts on local values of culture and tradition	3	4	3	2	4	3	19
Effort in the preservation of traditional festivals, social values and cultural diversity	3	3	5	2	3	3	19
	33	36	38	18	36	33	
	3.3	3.6	3.8	1.8	3.6	3.3	
		3.45		2.8		4.5	
	In disagreement		Indifferent		In disagreement		

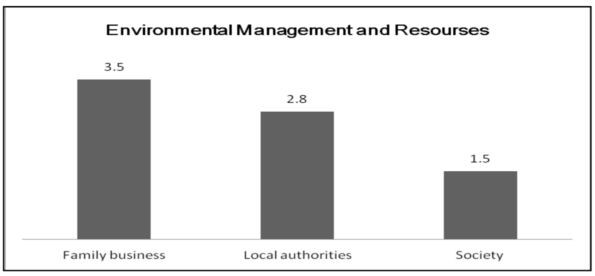
Source: Authors

Table 8 Results Public policies and training

Publicpolicies and training	Private sector		Public sector		NGO-Society		
The government has clear regulations / guidelines on the protection of the environment	2	1	3	1	1	2	10
We do not know much about tourism plans in the region	2	5	2	5	5	4	23
Consultation with various local agencies for tourism planning	2	2	1	1	1	2	9
We have been involved in tourism planning in the region	2	1	1	3	1	2	10
The participation of society is not significant in the development of tourism	3	3	1	4	1	1	13
Local people do not know so much about the development of tourism	3	3	2	4	1	1	14
Regional development plans for tourism are not published	3	4	2	3	4	3	19
The participation of society is not effective	3	3	1	3	2	3	15
We have programs / information to educate visitors on sustainable development	4	3	1	2	1	1	12
There are programs / information to educate local society on sustainable development	3	2	1	2	1	1	10
We have training programs in sustainable development for our employees (for the private sector)	3	1	1	2	1	1	4
	30	28	15	28	18	20	
	2.72	2.5	1.5	2.8	1.8	2	
		2.63		2.2		1.9	
	In disagreement		Indifferent		In disagreement		

Source: Authors

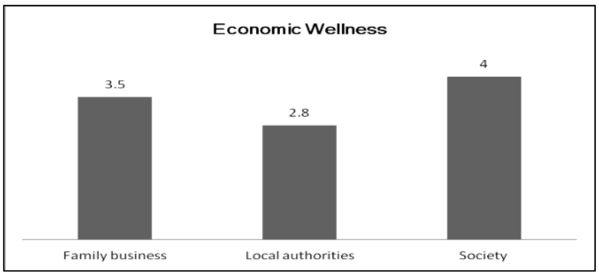
According to the Likert scale established for each of the elements, the averages obtained from the actors evaluated show that the closeness with the value 5, very much agree, rests on a high performance of sustainable tourism, on the contrary a closeness with the value 1, stronglydisagree, values a low performance in the sustainability of tourism in the area. Finding the Following:



Source: Authors

Figure 1 Environmental management and resourses

It was found that the perception of family businesses and society lies in the lack of actions in environmental and resource management, the perspective of local government authorities denotes an average with better results,mentioning that they have already carried out some of the activities aimed at protecting the environment. Therefore, there is concordance in two actors: the perspective of family businessand society, given the perception of a low performance of sustainable tourism in the Sanctuary.
On the other hand, the evaluated stakeholders consider that the actions that have been implemented the most are those related to the reduction of garbage in the forest,methods of saving water and reforestation practices and the lowest qualification obtained are actions to encourage the reproduction of the species of firefly.

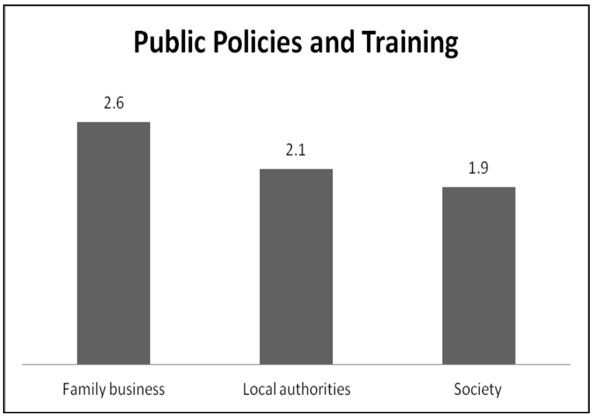


Source: Authors

Figure 2 Economic wellness

The valuation of the family and society companies, mention that actions are actually being carried out that improve the economic situation in the area, through the promotion of sources of employment, however, it is the local government's own perception that it finds itself indifferent to the challenges of promoting the economic wellness of the area and consequently the sanctuary of fireflies.

Likewise, the different actors evaluated agree that many of the food and beverage vendors are from outside the study area and only come during the firefly season, affecting the economy of the family businesses that originate in the study area; also report that most local employees are doing poorly paid jobs.



Source: Authors

Figure 3 Public policies and training

The three sectors agree that not much is known about tourism plans in the region and that these plans are not published. It is important to highlight that priority areas that are not being considered are identified, such as the lack of participation of local agents in the planning of tourism, the lack of clear regulations and guidelines on the protection of the environment and the need to promote programs to inform and educate local society in sustainable development.

Discussion

According to the obtaining of the averages in each one of the sections can be developed an index of the obtained results where from 0 to 1.6 it is a low performance of the sustainable tourism, of 1.7 to 3.3 is an average performance of the sustainable tourism and of 3.4 to 5 is a high performance. The perceptions of the 2 family companies dedicated to the provision of tourist services, lodging, food and tours in the study area, show that in environmental and resource management with a 2.3 they present an average performance of sustainable tourism activities; in the section of Economic wellness with a 3.5 they present a high performance of the activities of sustainable tourism; in Socio-cultural wellness with a 3.4 show a high sustainability performance in tourism; in Public policies and training with a 2.6 average performance of sustainable tourism. It should be noted that the scores that place family businesses on high performance, are very close to the average valuation, reason why it is necessary to continue and to assure the execution of activities to maintain and to increase its qualification. It is in the activities of Environmental Management and Public Policy, where it is evident to implement improvement actions, from actions to reduce the environmental impact of family businesses in the area, to the formulation of local government programs, to protect and improve sustainable tourism for family businesses.

Conclusion

The evaluation shows that it is necessary to understand the fundamentals of sustainability, the statutes that govern the care of flora and fauna and all the general principles that are part of tourism, public and private sectors and NGOs, based on the three dimensions of sustainability: social, economic and environmental.
It was found that in Nanacamilpa of Mariano Arista, stakeholders have weaknesses around sustainability, therefore it is not necessarily sustainable tourism, since the actions carried out demonstrate that priority is given to the economic aspect above the social and environmental, and although there are actions to improve the environment, the participation of stakeholders in this regard is still very low.
The proposed strategies refer to the conservation and use of the site, through an adequate application of sustainability, that is, to consider the same size, social, economic and environmental. By incorporating sustainable tourism, it is possible to unify in a structured and proportional way all the activities and to improve the methods and techniques that somehow were being carried out, but in an isolated way.
With the above mentioned, the present research opens the possibility for the accomplishment of later studies that can deepen in the measurements of the evaluations and proposed strategies of the present study.

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

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M1

KEYWORDS
Family business, Family business groups, internationalization, content analysis, literature review, emerging economies.

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

CÓDIGOS JEL
M1

PALABRAS CLAVE
Empresas familiares, grupos de empresas familiares, internacionalización, análisis de contenido, revisión de la literatura, economías emergentes.

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

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

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Introduction

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

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

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

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

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

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

Research Methodology

Selection of the Reviewed Articles

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

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

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

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

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

Content Analysis

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

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

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

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

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

Results of the content analysis

Themes and Findings

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

Globalization of FBGs

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

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

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

Internationalization and Corporate Governance

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

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

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

Impact of FBG as an Organizational Form on Internationalization

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

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

Research context and type of study

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

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

Theories

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

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

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

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

Family Dimension

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

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

Table 1: Family-related variables in the sample

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

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

family.

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

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

Synthesis of the Literature

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

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

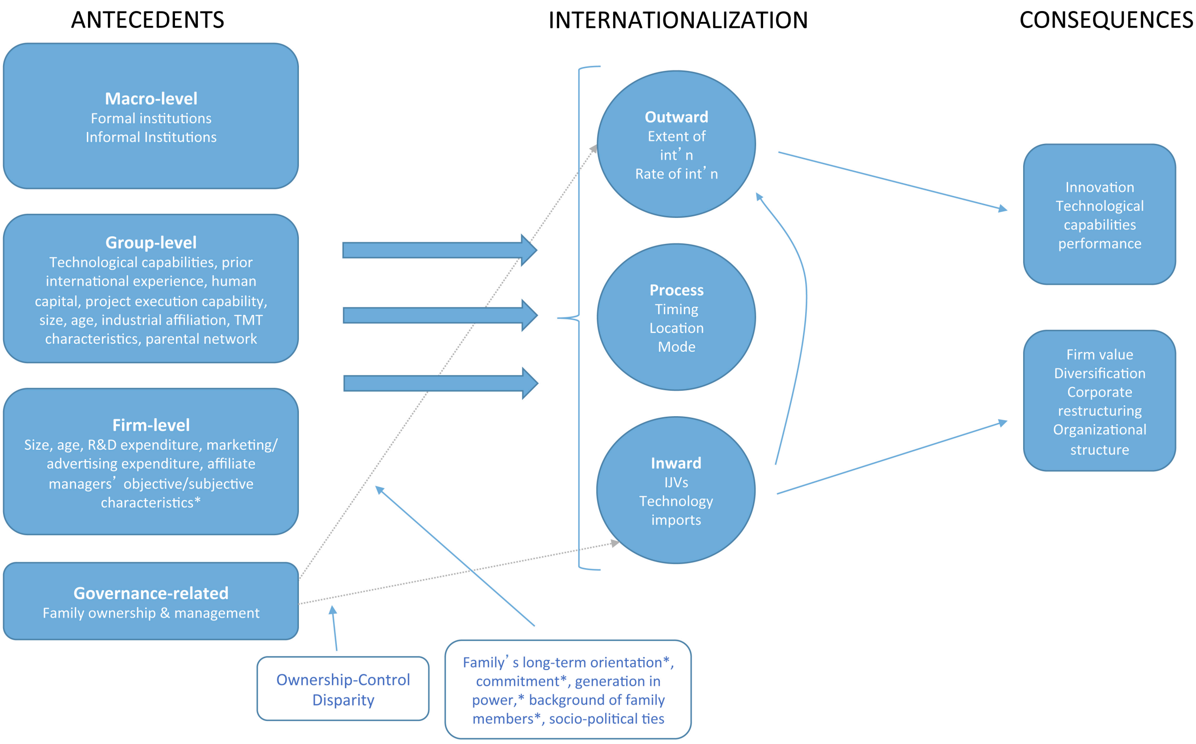
Group-level characteristics also influence the extent and patterns of internationalization for both the entire group and individual affiliates. Younger and larger groups that operate in more high-tech industries are more likely to internationalize. Different from stand-alone family firms, affiliates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

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

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

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

Figure 1: Synthesis Model of the Literature



Gaps in the Literature and Suggestions for Further Research

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

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

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

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

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

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

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

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

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

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

Conclusion

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

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

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

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APPENDIX 1

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

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

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

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

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

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

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

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

* No explicit reference is made to the theory.

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Vegetarian Restaurants as a Determining Factor of the Vegetarian Tourist's Destination Choice

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Abstract Spain is a country that welcomes millions of tourists every year; among those travelers there are vegetarians and other individuals who opt for a vegetarian diet during their trips either due to health, religion or other reasons.
The interest from the touristic businesses, especially the food and beverage sector, is constantly moving towards a healthier and more innovative cuisine. In numerous occasions, there is no clear vision of the preferences in certain segments of the market in which aspects such as the present one are considered essential.
It is a sector that is currently developing, but that still has a long road ahead. Understanding the factors that shape the decision of a vegetarian tourist's destination choice can help us appreciate the importance of this touristic sector with an infrastructure that is vastly (95 %) controlled by family-owned businesses (Fehr, 2016).
The main objective of this research study is to understand the factors that determine the destination choice of the vegetarian tourist; to this end, we have provided a structured survey to 400 participants and obtained concrete conclusions of the problem to be analyzed.

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PALABRAS CLAVE
turista vegetariano, destino turístico, elección del destino, restauración vegetariana, empresa familiar

La Restauración Vegetariana como factor determinante en la elección del destino del turista vegetariano.
Resumen España es un país que mueve millones de turistas al año y entre ellos hay vegetarianos o personas que pueden optar por una alimentación vegetariana en sus viajes ya sea por salud, religión u otros motivos.
Día a día crece el interés por parte de las empresas turísticas y concretamente el sector de la restauración por una cocina más saludable e innovadora y en muchas ocasiones no tenemos una visión clara de las preferencias de ciertos segmentos del mercado donde este tipo de aspectos se torna como fundamental.
Es un sector que actualmente se está desarrollando, pero que aún le queda mucho camino por recorrer; ver aquellos factores que ayudan a la toma de decisión de un destino turístico por parte de un turista vegetariano, hará darnos cuenta de la importancia de este sector en el turismo, donde más del 95% de la infraestructura está dominada por la empresa familiar (Fehr, 2016).
El objetivo principal en este trabajo de investigación es conocer los factores determinantes en la elección del destino por parte del turista vegetariano; para ello hemos realizado una encuesta estructurada a 400 personas, obteniendo conclusiones concretas a la problemática analizada.

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Introduction

For millions of tourists, nutrition is a secondary element during their trips. It simply covers the biological function of supplying the body with the necessary nutrition for their sustenance. Torres Bernier (2003) argues that there are tourists that “feed themselves” and others that “travel to eat”; the first kind just needs to eat, in other words, food does not motivate them to travel, instead they feed themselves out of necessity. On the other hand, the second kind is indeed interested in enjoying the food, in other words, gastronomic tourism.

In fact, if the data related to the vegetarian sectors is analyzed, it can be observed that there is quite a growing demand and a lack of infrastructure to service it (Saz-Peiro, el Ruste, & Saz-Tejero, 2013).

It can be asserted that a vegetable-based diet is a clear tendency in Spain, where 43 % of Spaniards have reduced their red meat consumption in 2016 (Camargo, 2017). This is the first step towards a process of change that, according to Diaz (2014), has turned 55 % of non-vegetarian individuals into vegetarians and a 10 % of non-vegetarians into vegans.

In the framework of it all, it should not be forgotten that this is a business that generates 4,000 million dollars per year and is growing at a rate of 6 % annually (Veguillas, 2017). During the last 5 years, the number of restaurants has increased and reached a total of 800 in 2016. Based on these numbers it can be affirmed that 95 % of these types of restaurants in Spain are family-owned businesses (Ferh, 2016). Additionally, 6.8 % of the restaurants per million residents in Spain are currently vegetarian.

Regardless of the polemics that surround the nutritional value of the vegetarian diet, there are studies such as the one performed by the American Dietetic Association and the Dietitians of Canada that concluded that a well-elaborated vegetarian diet is adequate during any stage of the life cycle and supplies all the necessary nutrients (Brignardello et al., 2013).

This information helps to obtain more knowledge about the different aspects and behaviors of the target group, acquiring previous knowledge about this group and the problem that surrounds it; consequently, it can be related to the food and beverage sector with the aim of adapting the offer to the growing demand (Malhotra, 2004).

Therefore, this research study focuses on the behavior of the vegetarian tourist, directing its attention to the characteristics that influence the priority they assign to their nutrition when it comes to choosing a touristic destination; factors such as gender, age, nationality and income level could be determining factors.

This research study can be thought of as an analysis that focuses on an opening of information about this group for those public or private institutions that want to use it in order to improve their future perspectives, by including this sector in their business plans.

Theoretical framework

Vegetarian gastronomic tourism

Vegetarianism is considered a nutritional regime based on the consumption of vegetables, including eggs, dairy and honey, among others. It excludes all kinds of meat, poultry and fish (Nelson et al., 1996). The classifications emerge due to the type of animal-based food that is excluded in the nutrition and Cayllante (2014) has defined the type of vegetarians there are. The most popular ones are summarized in the following table.

Table no.1: types of vegetarians

Name of the diet	Food			
	Meat	Eggs	Dairy	Fish
Vegetarian	NO	YES	YES	NO
Strict vegetarian/vegan	NO	NO	NO	NO
Lacto-ovo vegetarian	NO	YES	YES	NO
Lacto vegetarian	NO	NO	YES	NO
Ovo vegetarian	NO	YES	NO	NO
Fruitarian*	NO	NO	NO	NO
Raw vegan**	NO	NO	NO	NO

Source: developed by authors.

Authors such as Haas (2017) and Camargo (2017) also introduce concepts such as flexitarian (those who consume mean and fish sporadically), pescatarian (those who consume fish and sea food, but not meat) or the term meat reducer. Pescetarianism is considered a more rigorous variant than the previous one because it is limited to the consumption of fish and sea food. In recent years, multiple discussions have emerged since there are many who do not consider it to be a variant of vegetarianism due to the consumption of fish.

Vegetarianism is a current trend preceded by a long journey through history where many authors have been vegetarian and have defined the stance. Since then, an endless amount of philosophers such as Descartes or Kafka have preached this lifestyle (Saz-Peiro, Del Ruste, M. M., & Saz-Tejero, 2013).

Such lifestyle has influenced tourism. The ever present gastronomy surfaced as a phenomenon in the touristic activity around the XXI century when tourists started to search for a way to experience their destinations differently, through their senses, thus emerging the gastronomic tourism (Riley, 2005) and making a clear distinction between tourists who eat out necessity or those who travel to eat (Torres Bernier, 2003).

Gastronomy inspires trips for a large number of tourists (Oliveira, 2011), if this is applied to the gastronomic tourist, the four categories that have been described by Fields (2002) emerge:

- Physical motivation: originates from the need to eat that people experience.
- Cultural motivation: stems from the urge to deeply explore a geographical region or its culture.
- Interpersonal motivation: those who manifest as a reflection of the social functions.
- Status and prestige motivation: determined by the sought after social status.

The correlation that could emerge between gastronomy, tourism and the motivation, would lead to 4 proposals, according to Tikkanen (2007):

- Gastronomy as a touristic product.
- Gastronomy as part of the touristic experience.
- Gastronomy as part of the culture.
- Relation between tourism and food production.

Based on the model created by Quan and Wang (2004) which focuses on the tourists' motivations (primary and secondary) that originate when they travel, some differences emerge between the actions performed during the trip and their daily routine. These elements can be related in three different ways: by contrast, intensification and extension. The type of motivation, primary or secondary, could be related in the following way:

- Contrast: the tourist chooses a destination where the flavors are completely different to their place of residence.
- Intensification: the traveler chooses a destination where the gastronomy reinforces the diet that is normally consumed.
- Extension: the tourist consumes what they normally consume at home.

Lopez-Guzman and Sanchez Cañizares (2012) state in their research study that gastronomic tourism could promote a destination due to the increasing tourist enthusiasm to get to know the culinary art of each place, regarding it as a main factor or as part of the experience. However, it is not always easy to access delicious and healthy food in every destination (González, 2012), taking into account that every individual has different gastronomical preferences which creates completely different settings in every part of the world.

Choice of touristic destination

Motivation is the main factor when it comes to choosing a touristic destination (Millet, 2010); for the gastronomical tourist these motivations have already been cited (Oliveira, 2011; Fields, 2002). The vegetarian tourist could be considered a gastronomic tourist since they are guided by their type of nutrition (Tikkanen, 2007). The tourist or groups of tourists as the main decision makers of the destination choice look to satisfy their needs. When it is a group, provided that a hierarchical power of some group member is not exerted (Eymann & Ronning, 1997), it is understood that the decision is unanimous. Each individual has different tastes and preferences; therefore, the sought after option is one that maximizes the experience. A satisfied need results into a pleasant and desirable experience. However, an ill-satisfied need could lead to a poor image of the destination, although a second experience in the same destination may not have the same result (Morley, 1994).

A vacation destination is acknowledged depending on the familiarity, reputation, trust and satisfaction factors that are associated with the place (Millet, 2010), projecting an image that will be the main attracting source for the tourist. Each destination focuses their touristic attractions towards a market, keeping the promoted and perceived image as similar as possible (Kotler, Haider & Rein, 1993).

The image that a touristic destination projects is considered to be a source of attraction within the selection process (Andreu, Bigne & Cooper, 2000). The objective of the promoters of a specific touristic destination should be to obtain similarities between the promoted image and the image the potential tourist perceives (Kotler, Haider & Rein, 1993), in order to advertise a truthful image that is attainable (Lawson & Baud-Bovy, 1977). To deceive the tourist could have a devastating cost. Kotler, Haider and Rein (1993) affirm that some touristic destinations exude a positive image and others a negative image. However, most destinations have a mixture of both. It is only when the positive image of the touristic destination exceeds its negative image, that an individual chooses this destination among other available destinations (Beerli & Martin, 2004).

A destination will be more attractive for the gastronomical tourist according on the existing relationship between the cuisine and the deep-rooted culture of the place (Riley, 2005). There are several motivating factors that drive the gastronomical tourist to choose between one place and another. According to Tikkannen (2007), depending on the link established between gastronomy, tourism and motivation, the destination will use the vegetarian gastronomy to attract the vegetarian tourist in the following ways:

- Cultivating factor: the vegetarian cuisine is the most developed factor (gastronomy as part of the touristic product).
- Experience factor: the vegetarian tourist acquires experience and learns about new flavors.
- Cultural factor: the tourist can try vegetarian dishes and learn a little bit about the culture at the same time. Culinary expos are ideal for this purpose.
- Gastronomic- vegetarian routes: a relation between tourism and food production is established.

According to several studies such *as "Un análisis de las personas vegetarianas en la Universidad de La Laguna"* (an analysis of vegetarians at the University of La Laguna) by Ruben Dominguez Alvarez (2015), a predominantly vegetarian profile among women is accentuated. Also, Diaz Carmona (2012) mentions in her study that women express more concern and empathy towards animals, oppose to animal testing, have a more developed sense of disgust and are less receptive to consume meat. Meat is also associated to the opposing gender as a sign of masculinity and power (Orellana, Sepulveda & Denegri, 2013). This could be a causing factor of the greater implementation of vegetarianism among females than males.

Vegetarian restaurants as an example of a family business

Spain has more than 73,000 restaurants (Fehr, 2016) and is looking for a way to build a niche inside the vegetarian sector. This type of restaurant, categorized as a specialty restaurant, has increased its number of businesses in the recent years. In 2011, 353 vegetarian restaurants were registered in Spain compared to 703 in 2016 (Veguillas, 2017).

According to Fehr (2016), in Spain there are around 1,300 vegetarian and vegan restaurants. This number also includes those that offer vegetarian options.

This type of business is very difficult to analyze due to the privacy of their files, their restricted nature and the fact that they do not share their results (Lansberg, 1994). It can also be affirmed that more than 95 % of the businesses in this sector are family-owned (Fehr, 2016).

A clear example is the first vegetarian restaurant *Casa Hiltl* which opened its doors in 1903 and is now managed by the fourth family generation. They expect the business to continue to being managed by their future generations (Miller & Le-Breton, 2005).

The assumption of risk is a common denominator for all businesses. However, a family business does not assume as much of a risk as one that is not family-owned since the family's property wealth is linked to the business (Wright et al., 1996). For this reason, businesses in this sector expand nationally, as no family business with a restaurant chain outside the national boarders has been found (Fehr, 2016). Likewise, since such family businesses are consolidated within the national market, well integrated in the culture and its needs, the international expansion is perceived as a less attractive strategy.

Vegetarian restaurants generate 4,000 million dollars per year and are increasing at a rate of 6 % annually (Veguillas, 2017). There is no concrete data in Spain about the percentage of people who are vegetarian, but the Spanish *Agencia de Seguridad Alimentaria y Nutrición* (Spanish Agency for Food Safety and Nutrition) (2011) has presented data about the *Encuesta Nacional de Ingesta Dietética Española* (National Survey of the Spanish Dietary Intake) (Enide, 2011), which indicates that around 700,000 people in Spain do not consume meat or fish.

In recent years bars and restaurants have adopted certain rules such as the inclusion of information about the ingredients included in certain dishes, commonly called the allergen menu. This menu specifies the vegetarian and vegan dishes, among others. The regulation that enforces such rules is stated below:

·*"REGULATION (EU) NO. 1169/2011 OF THE EUROPEAN PARLIAMENT AND OF THE COUNCIL of 25th of October of 2011 on the provision of food information to consumers, amending Regulations (EC) no. 1924/2006 and (EC) No. 1925/2006 of the European Parliament and of the Council, and repealing Commission Directive 87/250/EEC, Council Directive 90/496/EEC, Commission Directive 1999/10/EC, Directive 2000/13/EC of the European Parliament and of the Council, Commission Directives 2002/67/EC and 2008/5/EC and Commission Regulation (EC) No. 608/2004"*

Two million Spaniards suffer from some type of food allergy, according to the Spanish *Sociedad de Alergología e Inmunología Clínica* (Spanish Association of Clinical Allergology and Immunology) (Seaic, 2016).

In other countries such as the U.S.A., vegetarianism is a lot more consolidated (Montalvo, 2010); more research has been performed and for many vegetarian tourists it is a destination where they can visit without having to worry about their nutrition. Spain stands out due to its increase of this type of restaurants. Nevertheless, it is still behind countries such as Austria and the Czech Republic (Molinero, 2016).

In Spain, there is a need that is not being fulfilled (Lilien et al., 1992) and some have seen this as a business opportunity. In fact, in the recent years there has been a noticeable increase in vegetarian restaurants, menu expansions and some cities even stand out due to their abundance of restaurants in this sector. Since it is a very new market that has not experienced a lot of research, there is not as much competition as there is in any other touristic sector. There is still a long road ahead and many innovations to be created.

Jakub (2016) searched for the most vegetarian countries in Europe and created this map by calculating each country's score by number of vegetarian restaurants per one million residents.

Table no. 2: No. of vegetarian restaurants per one million residents
(Expressed in percentages)

Spain	**6.8%**	**Slovenia**	**9.7%**
Portugal	9.5%	Czech Republic	13.7%
Andorra	12.6%	Croatia	5.4%
France	2.7%	Hungry	5.4%
Belgium	5.8%	Slovakia	7.2%
Luxemburg	11.0%	Poland	5.3%
Switzerland	9.5%	Lithuania	11.5%
Italy	6.4%	Latvia	5.8%
United Kingdom	11.3%	Estonia	8.3%
Ireland	7.6%	Finland	9.7%
Netherlands	8.9%	Sweden	11.1%
Germany	7.2%	Norway	5.5%
Denmark	6.1%	Iceland	24.8%
Austria	13.8%		

Source: http://www.playgroundmag.net/food/queda-mapa-ciudades-vegetarianas-mundo_0_1841815814.html.

Material and methods

Tools, sampling and data collection

This research study aimed to delve deeper into the vegetarian touristic sector and how it behaves when choosing a touristic destination. To this end, it was essential to provide a questionnaire in order to extract conclusive data that could help add reliability to this model. A structured questionnaire based on the information needed was created. The first part of the survey dealt with descriptive information regarding the target population, while the second gathered the information about the behavior of such population. In order to grant more reliability to the study, these groups were targeted through associations and interest groups both in-person and online. These played an essential role for the spread and collection of the information that was needed in order to obtain as many answers and make this research study more representative.

The research study was developed between January and August of 2017 and the geographic area encompassed all of Spain. The data was collected through a direct questionnaire with a simple random sample of 400 surveyed, out of the 700,000 vegetarians in Spain, according to the Spanish *Agencia Alimentaria y Nutrición* (Agency for Food Safety and Nutrition).

Table no. 3: Fact Sheet

Geographical area	Spain
Population	Vegetarian tourist
Population size	700,000
Sample type	Simple random sample
Sample size	400 surveyed
Survey type	In-person and online questionnaire
Field work	January through August, 2017
Participation percentage	100 %
Sampling error	4.90 %, assuming p=q=0.5 and a confidence level of 95 %

Source: developed by authors

Table no. 3 shows a summary of the detailed information regarding the technical matters of the

Based on a simple random sampling (s.r.s) for a confidence level of 95 %, the most unfavorable hypothesis (p=q=0.5) and an increase in data error for the estimate of the proportion of 4.90%.

Hypothesis of the research study

This study aimed to examine if there are any differences between the averages of the two independent population groups (Hair et al., 2005); that is to say, if the individuals in one area are different to those in another area.

In this case, the differences in the priority assigned to nutrition when traveling according to gender, age, nationality, income and level of education were analyzed.

To this end, two hypotheses were analyzed; the first one is called the null hypothesis (H0) which indicates that there are no significant differences between the two populations; and the second hypothesis, called the alternative hypothesis (H1), indicates that there are significant differences between the two target populations. The statistical formula is as follows:

H0: $\mu 1 = \mu 2$
H1: $\mu 1 \neq \mu 2$

And the test statistic is as follows:

$$\tau = \frac{\bar{X}_1 - \bar{X}_2}{\sqrt{\frac{(n_1-1)s_1^2 + (n_2-1)s_2^2}{n_1+n_2-2}\left(\frac{1}{n_1}+\frac{1}{n_2}\right)}}$$

$\sim$ t n1 +n2-2

The contrast is bilateral and it is analyzed if the test statistic value falls inside or outside of the acceptance region. If it falls within the acceptance region, the null hypothesis is accepted, thus, there are no significant differences between the two populations; if it falls outside the acceptance region, in other words, inside the critical region, the null hypothesis is rejected and it can be concluded that there are significant differences between the average of the two populations (Hair et al., 2005).

Therefore, the hypotheses that were performed are as follows:

H0: There are no significant differences in the priority given to nutrition when traveling according to gender, age, nationality, income and level of education.

H1: There are significant differences in the priority given to nutrition when traveling according to gender, age, nationality, income and level of education.

In order to perform a more detailed analysis, the last part of this study analyzed if the nutritional satisfaction exerts a positive effect on the overall image of the destination.

Results analysis

Profile of the vegetarian tourist

The following table no. 4 shows a detailed analysis of the most important characteristics of the analyzed sample, such as age, sex, level of education, employment status and type of vegetarian.

Based on the information shown, a higher percentage of women with a high level of education, a medium income level, being employed and considering herself to be a strict vegetarian/vegan can be observed.

Table no. 4: summary table of the vegetarian tourist profile. Source: developed by authors

Age and gender: vegetarian tourists are between the ages of 18 and 30 years of age (58 %). Regarding the gender, 89 % are female and 11 % are male.
Level of education: the vast majority has a university degree (72.80 %), followed by secondary studies (25.40 %) and primary studies (1.80 %).
Income level: the majority have a medium income level (38.70 %), followed by a medium-low income level (30.70 %).
Employment status: a high percentage of the respondents have a job (53.30 %), and the retirees are found to be the other extreme (1.80 %).
Type of vegetarian: **The most abundant tourist is the strict vegetarian/vegan (50.60%), and the lacto-ovo vegetarian is placed at second place (22.07%).**

Analysis of the vegetarian tourist's characteristics in relation to the priority assigned to nutrition when traveling.

In order to analyze the priority assigned to nutrition when traveling, a five point Likert scale, that rated 1 as nothing and 5 as high, was used. The Likert scale is the most commonly used scale in social research (Sarabia, 1999).
First, a descriptive analysis of people who responded to the following question was performed: "what priority do you assign to nutrition when you travel, according to gender, age, nationality, income level and level of education?"

Nutrition when traveling.

In order to analyze the priority assigned to nutrition when traveling, a five point Likert scale, that rated 1 as nothing and 5 as high, was used. The Likert scale is the most commonly used scale in social research (Sarabia, 1999).
First, a descriptive analysis of people who responded to the following question was performed: "what priority do you assign to nutrition when you travel, according to gender, age, nationality, income level and level of education?"
In order to examine if there are differences between the averages of the two populations, a Student's t-test was performed. The aim was to perform a test of the hypothesis regarding the parameter of the target population. To contrast the null hypotheses, a difference between two means test (the two populations) was performed. The hypotheses that were contrasted were the

Table no. 5: descriptive analysis (mean and standard deviation) of the priority assigned to nutrition when traveling according to gender, age, nationality, income level and level of education.

		Mean	Standard deviation
Gender	Male	4.03	1.014
	Female	4.05	0.98
Age	Young adults (up to 30 years of age)	3.97	0.953
	Adults (over 30 years of age)	4.17	1.012
Nationality	Spanish	3.96	1.001
	American	4.23	0.925
Income level	Low/ Medium-low	3.95	0.994
	Medium-high / high	4.17	0.964
Education level	Basic	4.15	0.906
	Upper studies	4.02	1.011

Source: developed by authors

H0 (equality of means) and H1 (the alternative, in other words, the means are significantly

This test is used to observe if the test statistics fall within or outside the acceptance region. Specifically, if the significance is lower than 0.10, then the null hypothesis is rejected; thus, there are differences between the means of the two populations; if the significance is greater than 0.05, then the null hypothesis is accepted; thus, there are no significant differences between the means of the two populations (Hair et al., 2005).
Before this contrast is performed, the variance hypothesis of the two populations is equal for both groups by using a Levene's test (Levene, 1960). If the significance of the Levene's test is greater than 0.05, it can be concluded that there is equality between the population variances; that is to say, there is homoscedasticity. On the other hand, if the significance is greater than 0.05, then there are differences between the population variances.

The difference between two means test performed for each target population of this study (gender, age, nationality, income level and level of education) is shown below.

Table no. 6: difference between two means test (t-student) and the Levene's test regarding the priority assigned to nutrition when traveling according to gender, age, nationality, income level and level of education.

	Difference between means test		Levene's test	
	t	*Sig.*	*Sig.*	
Gender	-0.15	0.881	1.14	0.286
Age	-1.956	0.051*	1.38	0.241
Nationality	-2.498	0.013**	0.0005	0.941
Income level	-2.125	0.034**	0.353	0.553
Education level	1.082	0.28	0.011	0.915

Source: developed by authors.

According to table no. 6, there are significant differences between the priority assigned to nutrition when traveling for young adults (up to 30 years of age) and adults (older than 30 years of age) if a significance level of 10 % is taken into account. There are also significant differences between the Spanish population and foreigners with a significance level of 5 %. Finally, there are differences according to the income level, if a significance level of 5 % is taken into account. This analysis shows that older individuals assign more importance to nutrition when they travel compared to younger individuals. In other words, older travelers are more conscientious and aware of their nutrition. Foreigners also seem to be more concerned about their nutrition when they travel, which indicates that their culture is more sensitized about nutrition. Lastly, individuals who have a higher income, and therefore have a higher purchasing power, show a higher priority for their nutrition when they travel. In contrast, based on the available data, there is no empirical evidence that suggests that there is a difference when it comes to nutrition according to gender and level of education.

Image of the destination in relation to restaurants

During the last part of this study, participants were asked about their image of the destination according to their satisfaction level with restaurants. An 83.6 % of the respondents answered that in this case their image of the destination was negative and only 16.4 % maintained a positive image of the destination. Also, for those who responded positively, their priority assigned to nutrition when traveling was a 4.19 over 5 points, while those who responded negatively assigned a priority of 3.42.

Table no. 7: descriptive analysis (mean and standard deviation) of the priority assigned to nutrition when traveling according to the image of the destination if they were satisfied with the food.

		Mean	Standard deviation
Image	Negative	4.19	0.912
	Positive	3.42	1.070

Source: developed by authors.

This value contrast is significantly different (t-student: 5.12; p-value: 0.000) with a significance level of 1 %.

Table no. 8: difference between two means test (t-student) and Levene's test of the priority assigned to nutrition when traveling according to image of the destination if they were not satisfied with the food.

	Difference between means test		Levene's test	
	t	Sig		Sig
Image	5.120	0.000***	6.68	0.010

Source: developed by authors.

This analysis shows that restaurants should be vigilant with the food they serve, since vegetarian tourists carefully consider it when they travel. Also, authorities must monitor and control the quality of such restaurants, because these tourists' negative evaluations could cause a harmful opinion of the destination by affecting their loyalty, their feedback and thus, the reputation of the destination (Niininen & Riley, 1998).

If this study is carefully analyzed, it could be concluded that there is a niche inside the vegetarian touristic market that is mostly occupied by family-owned businesses. Considering that the vegetarian tourist's profile is a foreign individual who is older than 30 years of age with a medium-high income, then these tourists are more likely to assign more importance to their nutrition and choose a restaurant according to their gastronomic offer, which significantly impacts the reputation of such destination.

Conclusions

Considering that Spain is one of the leading touristic destinations, we should advance in certain aspects to improve in the near future, case in point, the adaptation of the infrastructure of the restaurants and the changes taking place due to the new demand. The need for nutrition when traveling is an aspect that many disregard, but for a few specific tourists, especially vegetarians, it is incredibly important and may even motivate their trip.

In order to better understand the vegetarian world, this study delved into its origins, the type of vegetarians there are, how this type of diet influences health and the infrastructure of the vegetarian restaurants which are currently being dominated by family businesses.

Based on the hypotheses posed in this study, we wanted to analyze the difference between the priorities assigned to nutrition when choosing a travel destination, according to gender, age, nationality, income level, level of education, specifically within the vegetarian touristic sector.

This study concluded that both gender and level of education do not yield empirical evidence to affirm that these aspects influence the priority assigned to nutrition when these types of tourists travel.

However, the results of our study contradict those found in the literature, since, according to numerous studies such as the one performed by Alvarez (2015) *"Un análisis de las personas vegetarianas en la Universidad de la laguna"* (An analysis of vegetarians at the University of La Laguna) a predominantly female vegetarian profile is emphasized. Also, we found that Diaz Carmona (2012) stated in her study that women express more concern an empathy towards animals, are opposed to animal testing, have a more developed sense of disgust and are less receptive to meat consumption, associating meat to the opposite gender as a sign of masculinity and power (Orellana, Sepulveda & Denegri, 2013), which could be a causing factor for a higher implementation of vegetarianism among females than males.

However, we can state that we have indeed found empirical evidence to suggest that aspects such as age, nationality and income level influence the priority given to nutrition when these tourists travel.

Consequently, we can say that the older adults are, the greater their concern on nutrition is when they travel in comparison to younger travelers. Therefore, it can be concluded that older individuals are more aware of their nutrition when they travel than the younger ones.

Likewise, we can affirm that foreigners are more concerned with their nutrition when they travel than Spaniards. This shows their level of awareness about nutrition when they travel and could be due to cultural aspects within their country.

Finally, higher income individuals, thus, those with a higher purchasing power place more importance on their nutrition when they travel than those with a lower income level.

Therefore, creating a profile of our vegetarian tourist and summarizing the findings, we can say that both gender and level of education do not affect the priority that these tourists assign to their nutrition when they travel. However, age, nationality and income level do affect the prioritization that these tourists give nutrition when they travel.

Continuing the line of this study and trying to identify other aspects that could provide information about the destination and nutrition of this type of tourists, the last part of this study to examine the image of the destination if food is satisfactory.

Our analysis concluded that restaurants must be vigilant with their food, because vegetarian tourists carefully bear it in mind when they travel.

Therefore, this information is very valuable, not just for the vegetarian restaurants which are mostly family-owned, but also for the satisfaction level of the touristic destinations. As a matter of fact, if we analyze the literature, it can be found that a place will be more attractive for a gastronomic tourist, depending on the existing relationship between the cuisine and the culture rooted in the place (Riley, 2005), with

several factors that motivate a gastronomic tourist to select one place over another.
Also, authorities must monitor and control the quality of such restaurants because if these tourists' evaluations are negative, they could create a negative image of the destination and, as a consequence, may affect other aspects such as their loyalty, feedback and reputation of the destination (Niininen & Riley, 1998).
The results show that there is a market niche inside the vegetarian touristic sector that is mostly occupied by family-owned businesses. Additionally, if the vegetarian tourist's profile is a foreign adult over 30 years of age with a medium-high income level, it is likely that they place more importance to their nutrition and choose a restaurant depending on their gastronomic offer, significantly impacting the reputation of such destination.

Limitations and future lines of research

As far as the limitations of our research, we can firstly highlight the amount of analyzed aspects and characteristics regarding the vegetarian tourist, which aimed to obtain a more exact pattern in these types of segments.
Another limitation of our study was that it focused only on nutrition as a determining factor when choosing a destination, because there could be other determining factors when planning their trips. These could yield more complete information about the decisions of this type of tourists.
Regarding future lines of research, other studies could hand out a higher number of surveys in order to generate a greater sampling and increase the representativeness of the study and improve the conclusions.
Since this is a growing sector and, most of all, a current market trend, future studies could focus on better defining the vegetarian tourist, their characteristics and behaviors with the objective of offering more information to restaurants and generate an offer that is more adapted to the needs of the market.
Other future lines of research should focus on performing studies regarding the link between restaurants and the satisfaction of the destination, since, as previously shown, more information regarding this aspect is needed; it could help the loyalty, recommendation and reputation of the destination.
To conclude, we believe that this topic is truly suggestive and significant in order to continue with such line of research, since inside the international touristic sector, it is a trend especially due to the constant and growing changes.

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Comparative analysis of the financial results-equity in family firms and non-family firms: the case of the service sector in Malaga (Spain)

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Abstract This research explores the differences between the main economic financial ratios of family firms and non-family firms. The analysis has been carried out on a total of 335 firms from within the province of Malaga, of which 154 are of familiar type, with the remaining 181 being unfamiliar. The sector that is the subject of this study is the tertiary sector: choosing bars, cafes and wholesale providers of these type of businesses due to their evident importance to the service sector in the province. Among main results, significant differences are highlighted in all the ratios analysed between the two groups of firms studied, as well as a greater distribution of profits to its shareholders by family firms (FF) versus non-family firms (NFF). Results show NFF have relatively higher economic return, although the variation of this ratio is greater than in a family firm.

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Empresas familiares, Empresas no familiares, Económico, Financiero, patrimonio

Análisis comparativo del resultado económico-patrimonial en empresa familiar y no familiar: el caso del sector servicios en Málaga (España)

Resumen El presente trabajo refleja un análisis comparativo en los principales ratios económicos-financieros de las empresas familiares y no familiares, se ha realizado sobre un total de 335 empresas de la provincia de Málaga, de las cuales 154 son familiares y otras 181 no familiares. El sector que se ha estudiado es el terciario, escogiendo bares, cafeterías y los proveedores al por mayor de este tipo de comercios por su evidente importancia del sector servicios en esta provincia. Entre los principales resultados destacan las diferencias significativas en todos los ratios analizados entre los dos grupos de empresas estudiados, el mayor reparto de beneficios a sus accionistas por parte de las empresas no familiares frente a las no familiares. Las empresas no familiares obtienen mayor rentabilidad económica relativamente, aunque la variación de este ratio es mayor que en las familiares. Diversas son las aplicaciones prácticas de los resultados del estudio para el sector terciario.

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Introduction

The importance of comparative studies on family enterprises has been described extensively by diverse studies (Casillas and Acid, 2007; Chrisman, J. J., Kellermanns, Chan and Liano, 2010; Benavides-Velasco, Quintana-García and Guzmán-Parra, 2013). There are a lot of notable studies where this topic is highlighted within the actual environmental analysis of family firms (Casillas, Navarrese and Menéndez, 2013; Omaña and Briceño, 2013 to Occur rarely, Gemar and Guerrero-Murillo, 2017).
Furthermore, various studies look at family enterprises from a financial perspective, which is also a topic that continues to interest investigators at present by highlighting some examples, we can indicate work like that of Arosa, Iturralde and Maseda (2010); Aparicio, Basco, Iturralde and Maseda, (2017); Di Pietro, Palacín-Sánchez and Roldán (2018) or Rakotoarivelo, Zaraté and Kilgour (2018).
The work will be structured the following way: first of all we will define the family enterprise concept; secondly we will speak about the fiscal policies and the financing of the family enterprise; then move onto the methodology section, after which we will highlight and discuss the results and conclusions.

Fiscal Policies and financing in the family firm

Onaña and Briceño (2013) propose the following criteria to discern between family business and non-family business:
"The property or the control of the company: it is defined from the percentage of participation of the family in the capital of the company or the fact of which a relative admits that it controls its company."
"The power that the family exercises over the company: it is defined from the work redeemed in the company by some members of the family. In many cases it refers to that the proprietary family redeems executive functions in the company or to that the director-general of the company is a member of the proprietary family".
"The intention of transferring the company to future generations: it is defined as regards the desire to maintain in the future the participation of the family in the company, to the number of generations of the proprietary family who intervene in the same one or to the fact of which the direct progeny of the founder has the control on the management or property of the company."
According to Casillas (2015), family enterprises represent 57 % of the Spanish GDP, generating 67 % of the employment deprived in our Country. To date there are 1,1 million family enterprises that represent 89 % of the total number of companies in Spain.
The objective of the fiscal policies is to facilitate and to encourage an ideal performance of the national economy to achieve stable levels of growth, unemployment, inflation, etc.
According to Garrido and Miralles (2017) a company that is constantly improving its fiscal capabilities is a company that is in reality, paying less taxes, although this depends on the characteristics that the company possesses in terms of size, professionalization and internationalization.
According to Palomino (2009), financing can be defined as "the means for which the natural or moral persons do to themselves to come financial resources in its process of operation, creation or expansion, in the internal or external thing, too short, medium-sized and long term, he is met like financing sources."

Methodology

The aim of this particular study is to undertake a comparative analysis of the family enterprises and non-family businesses within Malaga's service sector from an economic / financial perspective. An exploratory and descriptive type of study has been carried out which aims to underline and explain the the differences and resemblances in the family enterprises with respect to financing, fiscal policies and internationalization.
The main hypothesis will be:
H0: There is no significant difference between the ratios raised in the family enterprises and non-family enterprises.
H1: There is significant difference between the ratios raised in the family enterprises and non-family enterprises.
The following economic data has been extracted from the database SABI (System of Analysis of Iberian Balances, 2017).
According to Rojo, Diéguez and López (2011) has been used the database SABI (System of Analysis of Iberian Balances, 2017) there being selected the following parameters that appear in the table 1 for the purpose of rejecting the information that are not necessary for our study. (The SABI database has been used to highlight the following parameters which appear in Table 1, as a means of overlooking the data that is not necessary for our study)

Principally it is based on the following criteria:

Table. 1 Sample

Type of companies.	**Family Business and non Family business**
Country	Spain
Number of employees	More than 10 employees.
Analysed period	2015 and 2016
IAE	- 612, 671 and 672.

The database extracted a total of 335 companies, of which 154 are of family business type, and the remaining 181 being of a non-family entity.
This discrimination has been done using the indicator of dependence BvD that presents us with the database SABI (System of Analysis of Iberian Balances, 2017).
According to the total number population (335), at a level of significance of 5 %, and therefore 95 % of confidence, the study has the recommended random sample of 180 companies, using 90 familiy enterprises for the study and 90 non-family enterprises regarding the criteria of Rojo, Diéguez and López (2011).
Results are divided into five groups, inside which we are going to analyze the following variables:

Table 2. Variables analyzed in the study

Return on average total assets (ROA) (%)
Results ratio
Financial profitability (ROE) (%)
Debt ratio
Liquidity ratio

1st Group: Results ratio

- Economic profitability (ROA) (%):
I am of benefit before Interests / Activate
This ratio represents the benefit that the company will obtain for every 100€ invested, independently of the one who finances it.
- Financial profitability (GNAW) (%):
Result of the exercise / Clear Patrimony
This ratio indicates the profitability that the shareholder will obtain for every 100€ that the company invests.
The hypotheses of this group would be:
H0: There is no significant difference between the ROA of of family and non-family enterprises.
H1: There is significant difference between the ROA of family and non-family enterprises.

2nd Group: Indebtedness ratios

- Indebtedness ratio: Debit Exigible/PN
This ratio reports of the existing relation between the foreign resources and the proper ones.
For this group we would have the following hypotheses:
H0: There is no significant difference between the ratio of indebtedness between the family and non-family enterprises.
H1: There is significant difference between the ratio of indebtedness between the family and non-family enterprises.

3rd Group: Liquidity ratio

- Liquidity ratio:
Current asset / Current Debit
This ratio indicates the availability of liquidity that the company possesses at the time of covering its financings.
For the ratio group of liquidity we would have these hypotheses:
H0 exists significant difference between the ratios of liquidity of the family and non-family enterprises.
H1 exists significant difference between the ratios of liquidity of the family and non-family enterprises.

4th Group: Ratios of Balance

Working capital (€):
Current asset - Current Debit
This result can be a positive - the part of the Current assets that is being financed by permanent funds; or negative - the part of non current Assets that are being financed by the current debit.
Ratio working capital (%):
Working capital (€) / Assets
With this ratio we can observe the weight that the working capital has fund with regard to the Assets of the company.
Ratio of Soundness (%):
Proper Funds / non-current assets
With this ratio we can see the proportion of non current assets that are being financed by the company's own funds.
Average period of cashing (days):

(((Commercial Debtors and other accounts to be received)) / ((clear Amount business number))) ×360
With this ratio it is possible to measure the average time that our clients take in paying us back.
Average period of payment (days)
(((Acreed.comerc.y other ctas to pagar+Deuda with emp.del group and asoc to c/p)) / ((Aprovisionamientos+Otros operating expenses))) ×360
The higher the average would indicate that the company is financed by its providers.
We would depart from these hypotheses:
H0, significant difference between the ratio exists working capital of non-family companies and the family business.
H1, significant difference between the ratio exists working capital of non-family companies and the family business.

5th Group: Ratio of Solvency

Ratio of Guarantee or or solvency: Entire assets / Current Debit + P.No Corriente
This ratio is the capacity that the company possesses when its financial commitments expire, so that a result near to 2, indicates safety for which the creditors will receive their debts.
With a result less than 1, the company may not expire with its obligations to a third party, thereby compelling one to think about ‘countable and furthermore supporting the view that ‘it fails over a distance.

Results

Group1. Results ratio

In this group we would verify the following hypotheses.
H0 there are no significant differences between the ROA of both corporative groups.
H1 There are significant differences between the ROA of both corporative groups.
As for the 1st group in the results ratios, the statistician T-Student has been used to compare the ratio of economic profitability (ROA).

Table 3. T-Student. ROA

paired two-sample t-test		
	Variable 1	*Variable 2*
Mean	0,005215889	0,035344667
Variance	0,036557657	0,032657003
Pearson correlation coefficient	90	90
Pearson correlation coefficient	0,057290653	
Hypothetical mean difference	0	
Degrees of freedom	89	
T Stadistic	-1,118906631	
P(T<=t) one tale	0,133095403	
T critical value (one tail)	1,662155326	
P(T<=t) two tales	0,266190806	
T critical value (two tails)	1,986978657	

The probability obtained in both coexpert is 0,266190806, to being major that 0,05 pushes the H0 back and therefore the alternative hypothesis is accepted, which means that significant differences exists in the economic result of both groups.
In the case of the financial profitability ratio:

Table 4. T-Student. ROE

Paired two-sample t-test		
	Variable 1	*Variable 2*
Mean	0,325228	0,200823
Variance	0,6812092	0,61342416
Data	90	90
Pearson correlation coefficient	0,00285065	
Hypothetical mean difference	0	
Degrees of freedom	89	
T Stadistic	1,03873493	
P(T<=t) one tale	0,15087092	
T critical value (one tal)i	1,66215533	
P(T<=t) two tales	0,30174184	
T critical value (two tails)	1,98697866	

In the Group 1 we raise the hypotheses of the study.
H0: There is no significant difference between IT GNAWS of the family and non-family enterprises.
H1: There is significant difference between IT GNAWS of the family and non-family enterprises.
In the case of the financial profitability IT (GNAWS), it is possible to see that there are significant differences between both corporate

groups exists, therefore the H1 is accepted, since the probability is < 0,05.
In this ratio the family enterprises possess more financial profitability than non-family. It further indicates that the family enterprises distribute more benefits for the euros invested to its shareholders than non-family.
Also the family enterprises tend to be more volatile in their distribution of these benefits than non-family.
2nd group indebtedness ratio
According to the analysis realized with the statistical test T-Student, the result obtained through the comparison between the debt ratios is:

Table 5 T-Student. debt ratio

paired two-sample t-test		
	Variable 1	*Variable 2*
Mean	0,438045333	0,634647
Variance	0,297273181	0,726337282
Data	90	90
Pearson correlation coefficient	0,017567581	
Hypothetical mean difference	0	
Degrees of freedom	89	
T Stadistic	-1,858371159	
P(T<=t) one tale	0,033210951	
T critical value (one tail)	1,662155326	
P(T<=t) two tales	0,066421901	
T critical value (two tails)	1,986978657	

As for group 2, the_debt_ratio results that bring to light the confirmed hypotheses are:
- H0: There is no significant difference between the debt ratio and the family/non-family enterprises.
- H1: There is significant difference between the debt ratio and the family/non-family enterprises.
Results show a probability of 0.066421901>0.05 so the alternative hypothesis is accepted.

3rd group Ratio of Liquidity

The result thrown by the test T-Student, are reflected in the following table.

Table. 6 T-Student. liquidity ratio

paired two-sample t-test		
	Variable 1	*Variable 2*
Mean	1,953417222	5,36762756
Variance	11,50827982	1177,86727
Data	90	90
Pearson correlation coefficient	-0,04887807	
Hypothetical mean difference	0	
Degrees of freedom	89	
T Stadistic	-0,934725228	
P(T<=t) one tale	0,176229569	
T critical value (one tail)	1,662155326	
P(T<=t) two tales	0,352459138	
T critical value (two tails)	1,986978657	

In group 3, regarding the liquidity ratios, it is possible to see that non family business possess much more liquidity availability to cover its financings, than the average family business. Although the variance of these is much bigger than that of the relatives.
The probability this test illustrates and by which the void hypothesis is pushed back, is 0,352459 >0,05, so we can conclude that there are many apparent differences between liquidity ratios within both family and non-family run businesses.

4th group Ratio of Balance

In this group we have studied two ratios, the Ratio working capital in which according to the results, there is no real difference and therefore H1 can be accepted, there are significant discrepancies between the working capital ratios in both family and non-family contexts.

Table 7. T-Student. Working Capital Ratio		
paired two-sample t-test		
	Variable 1	*Variable 2*
Mean	-0,000591889	-0,00281
Variance	3,96301E-05	0,000119642
Data	90	90
Pearson correlation coefficient	0,225710679	
Hypothetical mean difference	0	
Degrees of freedom	89	
T Stadistic	1,858578922	
P(T<=t) one tale	0,033196051	
T critical value (one tail)	1,662155326	
P(T<=t) two tales	0,066392103	
T critical value (two tails)	1,986978657	

The Ratio working capital in which according to the raised hypotheses, is there pushed back the void hypothesis of which significant difference does not exist therefore is accepted H1, significant difference between the ratio exists working capital of not familiar companies and the relatives. Although not as in the ratios previously raised, in this ratio a major stability exists between both groups, this can be due to the fact that both corporative groups of the same sector, most of the assets of the balance it corresponds to the being to current asset, therefore its balances are more balanced.

Table. 8 T-Student. debt-equity ratio		
Paired two-sample t-test		
	Variable 1	*Variable 2*
Mean	0,016107	-0,001444
Variance	0,004517225	0,006273416
Data	90	90
Pearson correlation coefficient	-0,018971017	
Hypothetical mean difference	0	
Degrees of freedom	89	
T Stadistic	1,588080439	
P(T<=t) one tale	0,057907311	
T critical value (one tail)	1,662155326	
P(T<=t) two tales	0,115814621	
T critical value (two tails)	1,986978657	

The hypotheses raised for the debt-equity ratio shows a probability of 0.11581462>0.05, again the H0 is rejected and hence, accept H1. There is a significant difference between the ratios of liquidity of both corporate groups.

The family firms of the sample possess, on average, a major debt-equity ratio than non-family firms and less changes in its results.
The average collection period, on average, of the family enterprises is 11.51 days as opposed to 55.84 days in non-family companies, this assumes that the family enterprises receive their clients' debts much earlier than non-family run companies would receive theirs.

As for the average payment period, the family enterprises, on average, pay back its providers every 160 days while non-family this takes up to 170, therefore we can confirm that both are financed by its providers, but the most profitable in this aspect are non-family firms.

5th group solvency ratio

Main results of the test are presented in table 9

Table 9. T -Student. solvency ratio		
paired two-sample t-test		
	Variable 1	*Variable 2*
Mean	0,019529556	0,053671222
Variance	0,001150824	0,117786741
Data	90	90
Pearson correlation coefficient	-0,04888591	
Hypothetical mean difference	0	
Degrees of freedom	89	
T Stadistic	-0,934712532	
P(T<=t) one tale	0,176232823	
T critical value (one tail)	1,662155326	
P(T<=t) two tales	0,352465646	
T critical value (two tails)	1,986978657	

The obtained result is 0.352465, which leads us to push the void hypothesis back and therefore we accept the alternative hypothesis. There are significant differences between both corporate groups in this ratio.

Conclusions.

Results show the several differences in some key variables such as the ROA between family and non-family businesses. According to Mazzi (2011), results support that the differences between FF and non NFF is a highly complex issue that needs further research.
This paper has highlighted significant differences are in all the ratios analysed between the two groups of firms studied, as well as a greater distribution of profits to its shareholders by FF

versus NFF. NFF have relatively higher economic return, although the variation of this ratio is greater than in FF.

The research has some limitations, for example:

- We have analysed some variables: profitability, its liquidity, debt, etc. without bearing in mind factors like for example, an analysis of balance a profit, loss and balance analysis.
- Its juridical form is limited to corporations, without including cooperatives or group firms.

Future studies may continue with this investigation line on the study of the economic-financial variables, allowing for a greater period of time, or analysing other countries and sectors.

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