Understanding the Internationalisation of Family Businesses: Lessons from the History of Chinese and Lebanese Diaspora

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The emerging work on the internationalisation of the family businesses suggests that family businesses in general tend have low levels of internationalisation when compared to their non-family counterparts. Here, we review the Diaspora internationalisation history of Chinese family businesses in Southeast Asia, and of Lebanese family businesses in West Africa. The review highlights the interplay with the local varieties of capitalism, and underscores four factors in successful overseas market entry and growth of the overseas family businesses (OFBs): business strategic intent, family stewardship, direct and institution-mediating community sponsorship, and gender-centred leadership. We offer a schematic mapping of these four factors on to the four systems of family business – family, business, ownership, and gender, using Parson’s structural functionalism theory and AGIL schema. Implications for further research and for the family business practitioners are discussed.

The emerging work on the internationalisation of the family businesses suggests that the family businesses in general tend have low levels of internationalisation compared to their non-family counterparts. The low internationalisation of family businesses has been attributed to their pursuit of (at times) conflicting financial and non-financial objectives, their culture of conservatism, and reluctance to use external financial, human, and knowledge capital. Scholars have suggested that those family businesses with a more open strategic intent, allowing for the involvement of non-family members in management, leadership, and governance roles, and forming supplier, customer, and business partnerships with non co-ethnics, are more likely to pursue and be successful in internationalisation. However, an examination of family businesses from a historical perspective suggests otherwise. Specifically throughout history, rather than lagging behind in their international growth, family enterprises have been drivers of international trade.

The family business research has evolved independently of the research on the history of family business diasporas. The research on the history of family business diasporas underlines two important factors. First, the early diaspora family businesses internationalised their trading activities through personal cross-border ethnic relationships and proximity in local markets. Through this, networks of trust between the local businesses and the international markets were created, enabling them to gradually diversify their commercial activities into related industries. Second, family firms were uniquely adept in filling gaps in local markets, without being restrained by the local customs and were able to bridge different internally cohesive business clusters that had few links with one another.

In some ways, the research on the internationalisation of the family businesses has produced findings that somewhat contradict the insights from a historical diaspora perspective. The diaspora research attributed the successful internationalisation of the family businesses to their strong family and ethnic community linkages, while the recent research appears to identify family and ethnic community linkages to a culture of conservatism, and has put greater emphasis on the non-family and non-ethnic linkages for enhanced scope and scale of internationalisation of the family businesses. Thus, the
potentially positive influence of ethnicity on the internationalisation of the family businesses appear to have been largely overlooked in the recent research.

An additional factor that may shape the internationalisation experience of the family businesses is the nature of the local host environment. Some local environments tend to be more supportive of the non-ethnic investments, while others are less supportive. The differing local host environments are reflective of differing varieties of capitalism. Specific varieties of capitalism may also elevate the significance of other systems. Family business research generally assumes gender as a dimension implicit in family system, and thus evolves a rather gendered perspective. However, in some varieties of capitalism, it may be important to call out gender in family system as a separate system. For instance, major cross-cultural frameworks such as Hofstede and GLOBE identify gender dimension as distinct from the family or collectivism dimension of cultures. Some varieties of capitalism may be more gendered than others. Therefore, gender system should be called out as separate from the family system in Tagiuri & Davis' representation of family businesses as comprising of business, family, and ownership systems.

The purpose of this paper is to revisit the factors facilitating successful overseas market entry and growth of the overseas family businesses (OFBs), understand how the local variety of capitalism is negotiated, and to reconcile and situate these factors with the family business literature. We do this by reviewing and comparing the internationalisation history of the Chinese family businesses in Southeast Asia, and of Lebanese family businesses in West Africa, from the middle of the 19th century.

From this review we conclude that OFBs were able to negotiate local variations of capitalism and achieve successful growth and internationalisation over successive generations, while maintaining some of their distinct ethos and practices, and adapting these based on the local and global contexts. The analysis underlines the important role of four factors: business strategic intent, family stewardship, ethnic community sponsorship, and gender-centred leadership. We offer a schematic mapping of the four factors in the internationalisation experience of the OFBs and the four systems of family business, using Parson’s structural functionalism theory and AGIL schema. The paper concludes with a discussion of the implications for further research and for family business practitioners.

Varieties of Capitalism and Overseas Family Business

The establishment and development of OFBs is closely related with the business environment of the local regions where they enter. One of the key perspectives to understand the role of the business environment on firm behaviour is the varieties of capitalism (VOC) perspective. The differences and complementarities in the economic, social, and political systems across nations generate differing varieties of capitalism, which influence how businesses relate with the local environment. Early literature compared the Anglophone societies with North European societies, and identified Liberal vs. Coordinated varieties of market capitalism. Subsequent literature identified additional varieties – such as hierarchical in Latin America, developmental in East Asia, and hybrid in Southern Europe. Varieties of capitalism have differing effects on the different forms of organisations. For instance, the coordinated variety of market capitalism encourages negotiated collaboration between the firms and institutions such as encouraging vocational training institutions working with firms to build firm-specific skills. Conversely, because a liberal variety promotes the mobility of employees, vocational training institutions will play more of a role in developing the skills of individuals rather than that of firms. Women, who are sensitive to the possibility of their temporary withdrawal from the labour market for attending to pregnancy and childcare responsibilities, tend to acquire more general
skills, and therefore face both horizontal (in terms of job types) as well as vertical (in terms of fewer women at top) segregation in the coordinated variety.15

The OFBs may be expected to interact dynamically with the challenges in any variety of capitalism. Insofar as the host nation variety helps family businesses deal with competition in their markets, they may seek to preserve and support its elements. If the national variety is inadequate or unsupportive, OFBs will seek to negotiate ‘creative incoherence’ by deviating from the national variety and championing change. An OFB may be seen to interact with its host environment through a set of three complementary systems. (1) family system – how invested the family is in the local community, (2) business system – how invested the business is in the local community, and (3) ownership system – how invested the ownership is in the local community. In addition, a fourth system – gender – may play an important role in helping negotiate any creative incoherence with the local variety of capitalism. These four systems interact with the ethnic community and the institutions. Ethnic community shapes the norms, practices, and strategies of the OFBs, and also mediates the interactions with the local (host country), national (country of origin), and international (all nations taken together) institutions. Institutions play an important force in connecting the ethnic community to the broader local community, through their regulatory and other rules.

We may distinguish between two varieties of capitalism: contingent and cosmopolitan. In the contingent variety of capitalism, local investment is a key contingency for accessing local resources and markets – because of either the institutional factors (institutions restrict access unless there is a local investment) or the endowment factors (endowments are highly specialised, and can be accessed only through specific investments). In the cosmopolitan variety of capitalism, local resources and markets are globally connected, and local investment does not influence the terms of access – because the institutions foster liberal mobility and/or the endowments are general and mobile. Women are particularly sensitive to the inter-relation between the local environment and the future of their children. Therefore, as compared to the cosmopolitan variety, in the contingent variety of capitalism, diaspora women may become more active advocates for local investments and identification by the family, and by its complementary systems of business and ownership. Thus, gender may be an important system to include while evaluating the complementary influences of family, business, and ownership in an OFB.

Next we review the history of the diaspora Chinese and Lebanese family businesses, in order to identify the role of these complementary systems and of the local varieties of capitalism.

**History of Chinese OFBs**

Though Chinese diaspora family businesses have a long history, a significant new expansion occurred from the middle of the 19th century. Between 1840 and 1940, an estimated 20 to 22 million Chinese migrated overseas, mostly to the Southeast Asian nations of Malaysia, Singapore, Indonesia, Thailand, Vietnam, and Philippines. Most were indentured workers on plantations and mines, three quarters of whom returned to China after the end of their contracts.16 Many of the rest established small family businesses – primarily operating as middlemen traders in the chain of imports and exports between various Southeast Asian nations, and the local industry and market. Different members of the extended Chinese family migrated to different nations, fanning throughout the Southeast Asian region, ensuring that ‘they had a ready-made international network of connections within which they could trade and raise capital’.17
Initially, women remained back in China taking care of the property and the family. However, the percentage of women amongst Chinese migrants surged from around 6 per cent in the 19th century, to more than 30 per cent by the 1930s, as the intentions of migrants shifted from short-term visit to a more permanent settlement. As the European colonial trading firms took control of cross-border commerce, Chinese family businesses became ‘comprador capitalists’ using multi-lingual skills and web of relationships extending to all levels of the local society. Many wealthy Chinese family businesses moved into opium farming, retail, rice milling, shipping, and tin mining. The Chinese government also acknowledged their affluence, and sought financial and investment support from them.

After the fall of colonialism in the 1940s and later as the Europeans pulled out of Asia, the diaspora Chinese businesses moved rapidly to fill the void in cross-border commerce. They thrived and entered new industries capitalizing on their access to cross-border capital, material, labour, markets, and technology – mainly from Japan. Most adopted a simple organisational structure with the owner as the dominant decision-maker, focused on a single product or market, and networking with other key organisations such as the suppliers, customers, and financiers. Some transformed into vibrant conglomerates, diversifying into several unrelated manufacturing operations under unified family control. In a typical enterprise, the male head of the family was the CEO while his wife acted as CFO and helped maintain tight cost control. Many local Southeast Asian governments became wary of the rising influence of Chinese family businesses, and sought ‘relentless restriction’ through asset confiscation, rent expropriation, selective discrimination, and regulatory prohibitions. These businesses were perceived as ‘loose tray of sand’ – ie nonfamilial institutions lacked trust in them, and they had few linkages with the local community.

During the 1970s and 1980s, shifting policies of China as well as of the host nations encouraged ethnic Chinese family businesses to evolve from intermediary enterprises to industrial enterprises. By virtue of being innovative, flexible, networked, entrepreneurial and efficient, as compared to the bureaucratic, vertically integrated, non-family enterprises of the West, they became the engines of Southeast Asian economic development. Regardless of whether they adopted a simple or conglomerate organisational structure, Chinese family businesses relied extensively on the intraethnic, transnational ‘bamboo networks’. The networks permeated national borders for pooling resources, reducing transaction costs, flexible partnerships, exchanging information about business opportunities, overcoming trade barriers, and conducting international business. The structures and values mirrored that of a family. All these features indicated a distinct East Asian variety of capitalism. They moved rapidly to capitalise on the accelerated restructuring of the Western firms, who were responding to the onslaught of Japanese competition through downsizing, deconglomeration, outsourcing, offshoring, and foreign direct investments and alliances in Southeast Asia.

Between 1979 and 2000, Chinese government policy utilised these diaspora businesses as a channel for manpower, technology and capital, to drive China’s industrialisation and modernisation. Between 1979 and 2000, 65 per cent of the $350 billion inward foreign direct investment in China was by the overseas Chinese. During 1995-2000 alone, overseas Chinese families set up over 3,000 enterprises in various economic development zones in China. They mobilised knowledge and resources from extended family, and placed returnee family members, relatives, and former classmates into the senior management positions in China. Thus, they extended the strategic experience of running the operations as a family business internationally. They required daily communication, and weekly and monthly reports. The family heads typically spent more than half of their time during the formative years visiting China, holding regular meetings with the local managers and partners, and transplanting the full family culture and family
cultural artefacts. They often began small, but used the staff, resources, and know-how from their initial operation to develop additional units.\textsuperscript{36}

The local institutional sponsorship also played a critical role. To achieve accelerated internationalisation, Chinese OFBs needed additional resources. For assuring a competitive market access to these resources, local institutions were both un-developed and biased against the foreignness of Chinese OFBs. The OFBs cultivated strategic relationships with the local government officials, using crony corruption to offset their liability of foreignness, and to get preferential access to raw materials, technology and capital.\textsuperscript{37} They faced pressures to prioritise on rent extraction, through trading of these preferentially secured resources with limited, if any, value creation.\textsuperscript{38} With the help of these political relationships, they reinvested windfall surpluses for further diversification beyond manufacturing into real estate, hotel development, and financial services, and funnelled funds to regional financial hubs and to China.\textsuperscript{39}

Many overseas Chinese family firms used the East Asian crisis of the late 1990s as an opportunity to advance the next generation of successors into leadership positions, restructure their organisation and governance. They repositioned themselves as ‘dragon multinationals’\textsuperscript{40} acting as a bridge between the maturing industrialised markets and the emerging Chinese market. The Overseas Chinese family founders who had built their businesses with limited formal education, regarded acquiring English language and education as a key to further economic success. They sent their children to the West (or to the modern regional institutes) to be educated, gain experience, and acquire expertise and return home to join the family business and the local evolving variety of hybrid capitalism.\textsuperscript{41}

Significantly, by the late 1990s, women dominated the new Chinese migrants, and many of these women were well educated and took on leadership and entrepreneurial roles in the host nations.\textsuperscript{42} Women increasingly joined the diaspora businesses – they typically oversaw accounting and administration functions, introduced greater work-life flexibility and greater local community sensitivity in the business, while their siblings or husbands focused on marketing and production. Further, while men focused on the mainstream operations, such as those in mainland China, women frequently helped establish and lead operations in newer, more developed markets, such as Australia. Women enjoyed longevity in leadership roles within the diaspora businesses, and were an invaluable network resource for the Chinese women leaders from other overseas regions. For instance, Lever-Tracy \textit{et al}.\textsuperscript{43} noted that the full-time wives and daughters working in the Chinese OFBs were usually partners, participated fully in making decisions, and often had used autonomous responsibility for particular branches or functions to carve out a considerable degree of independence.

To sum up, the evolution of the Chinese OFBs was driven by many factors, including ethnic community, business strategy, family dynamics, gender factor, and the changing variety of local capitalism.

\textbf{History of Lebanese OFBs}

Today’s international Lebanese family businesses are largely a by-product of events during the second half of the 19\textsuperscript{th} century, when Lebanese – mostly from low-income families – began migrating in large numbers to the US, Egypt, and Brazil.\textsuperscript{44} Towards the end of the 19\textsuperscript{th} century, the US strengthened the health requirements for immigration. Many Lebanese suffering from an infectious eye disease were disqualified, and the others were forced to spend more time in the transit port of Marseilles waiting for health clearance and running out of transit money. They began migrating to the French colonies in West Africa, with
some aggressive and unscrupulous marketing by the French colonial shipping companies. The first generation of immigrants rented huts from the Africans, and started peddling cheap items, such as imitation coral beads and bazaar textiles, on small boxes sitting at the street corners. They reinvested earnings to open small shops, where they sold imported French products to the local Africans at prices below the competing French retail stores. These patterns were similar to those of the Lebanese in the US at the time.

Unlike the French traders who kept a distance from the local population, the Lebanese learnt multiple local languages to strengthen and expand their networks and business opportunities. They were able to bargain the purchase of rubber, groundnut, palm oil, and other commodities from the Africans on better terms than the French business houses, and became monopolizing middlemen for exports to large European companies in product after product, region after region. With each success, they attracted additional family members and co-ethnics to form a network of family businesses. The second wave of new arrivals were ‘usually friends or relatives of their predecessors, who helped them get started by employing them or staking them in a new territory’.

As the link between the major French companies operating on the coast, and the African farmers of the hinterland, Lebanese OFBs took advances and imported inputs from the French companies, and delivered them to the African producers taking finished products in exchange. By the time local French companies retaliated with tactics such as delaying payments, many Lebanese OFBs had generated sufficient capital to be able to deal directly with France-based companies. They began importing, wholesaling, and retailing European consumer products – especially textiles – to the African consumers in the urban and rural areas. In many towns, the Lebanese OFBs employed models to parade the streets the latest status-giving fashion textiles from Holland and England. During the First World War, when many French and African traders were engaged in war efforts, the Lebanese OFBs expanded rapidly. European businesses were threatened by the expansion of the Lebanese OFBs; however, the latter manoeuvred the landscape by strategically offering donations to high-level French administrators, and building recognition among the elites for their unique economic role not filled by the Europeans. However, their hoarding of essential commodities, such as rice, caused African backlash and violent attacks and looting. To gain local support, they made charitable donations, often raised at evening social events attended by wealthy Lebanese business families, for the high profile local community causes such as resettling repatriated Africans and sponsoring festivals and celebrations. By the late 1920s, rising prosperity allowed the Lebanese OFBs to diversify into acquiring lorries for transportation. For instance, the Khoury family monopolised the distribution of fuel to Shell gas stations, and the transport of groundnuts.

In the early years, Lebanese immigrants were mostly single men, who married local African women, thereby gaining linguistic and cultural proficiency. With sufficient income, Lebanese men began divorcing their African wives, to bring a Lebanese wife into Africa. However, they continued to employ African nurses to take care of the young children. The prosperous Lebanese sent their children to Lebanon or the West for secondary and higher schooling. In a typical Lebanese OFB, the husband, wife and the children were all employed.

World War II, and its aftermath, offered fresh opportunities for diversification. As the remittance of foreign exchange to Lebanon became difficult, Lebanese OFBs accumulated surplus funds. To use these funds, and to protect supplies during the War, they started investing in the real estate and manufacturing sectors in Africa, starting with textile mills. In some cities and in many villages, Lebanese OFBs built and owned a large percentage of all commercial real estate and housing units. Know-how and other resources were secured from the co-ethnic networks internationally, including Lebanese diaspora in
Brazil and Egypt. After the War, recognizing the local criticisms that the Lebanese still remained foreigners, the West African national governments forced the Lebanese to give up any foreign nationality, and to take up the nationality of only their African country of residence if they wanted to continue to live there and retain their family businesses.

The fall of the European international trading companies helped Lebanese OFBs to penetrate export/import trade, road transportation business, and agro-processing industrial units in the urban areas. The Lebanese OFBs tapped their international and local networks, the patronage of local politicians, easy credit from the government-mediated and foreign banks, and re-lending activities to the local Africans based on superior risk management. They diversified into many industries such as ‘furniture, garment, metal assembly, transport, sawing, candy and cookie, soft drink, luggage, ice, perfume, ivory, cosmetic, mineral water, and cigarette’. They also dominated services such as pharmacies, hotels, fast food, restaurants, gas stations, insurance, real estate, and banks. By the 1950s, Lebanese OFBs controlled 60 per cent of the wholesale, and retail, market in many West African nations, and monopolised several product-markets. For instance, Choucair family controlled 40 per cent of Senegalese market for blankets and floorcloths, while Fakhry family monopolised production and exports of soaps in Senegal.

Because of their critical economic presence, Lebanese family businesses remained a target of discontent of the African masses. They were also criticised for circumventing local laws of price and trade regulation, making political donations, and keeping invisible behind-the-scenes political control. Many Lebanese business families also continued to maintain strong emotional ties with Lebanon, and repatriated significant funds there. Although the newer generation of locally born and raised successors identified themselves as Africans, they married almost exclusively with the co-ethnics. Their strategic focus on domains outside the reach of African businesses did help counter these criticisms, yet they faced rising competition from small, informal and often contraband African traders and strong Africanisation sentiments. Therefore, during the 1960s and early 1970s, Lebanese OFBs withdrew from the rural interiors in most African nations to refocus on urban and international markets. Lebanese family shops in the rural interiors had a general orientation, selling a range of products. But in urban and international markets, many Lebanese businesses specialised in specific products, thereby gaining an added advantage. Several Lebanese family businesses invited additional family members in a third wave of migration from Lebanon during its 1975-90 Civil War. This resulted in accentuated calls from African governments for more investments and employment of Africans. Though criticised for low wages and poor working conditions, Lebanese OFBs employed a large number of Africans in their diversified operations. Unable to remit to the Lebanese in the Civil War time, they used surpluses from their commercial activities to heavily invest into manufacturing, including the acquisition of stagnating local European and American units at heavily discounted prices. Many also expanded into other nations in the region to exploit new opportunities or to avoid discrimination or new trade restrictions by specific local governments. They gained 50 per cent share of the manufacturing enterprises in many nations by 1990, and dominated regional and export markets in those products.

The Lebanese Civil War also encouraged several Lebanese OFBs from the Arab oil producing countries to redirect their remittances to make key investments in real estate in West Africa. Many mid-sized Lebanese OFBs from the Arab region established operations in the field of trade (textiles, supermarkets). Those contracting business in the Arab nations set up related enterprises in engineering, construction and public works. Many new Lebanese migrants also arrived, starting as wage earners in co-ethnic enterprises, and then moving to set up a small family business, frequently in the construction, transport, retail trade, and various services activities. Unlike the established Lebanese OFBs, they lacked political connections and engaged in tax evasion and other practices. The local governments
responded by re-enacting controls over the Lebanese OFBs. In this backdrop, after 1975, and especially since 1991, some of the wealthiest West Africa-based Lebanese business families migrated to the Western and Eastern Europe, Americas and Australia, where the diaspora enjoyed more political power. These markets offered Lebanese OFBs opportunities to make strides in the new generation sectors such as information technology.

**Discussion: Varieties of Capitalism and the Internationalisation of Chinese vs. Lebanese OFBs**

What role did the nature of host environment and the variety of local capitalism play in the differing internationalisation experiences of the Chinese and Lebanese family businesses?

In the early years, Chinese OFBs enjoyed cosmopolitan variety of capitalism in Southeast Asia. They succeeded by specializing in trading of general resources among different East Asian markets. With the arrival of Europeans, they were forced to develop deeper local linkages and to refocus on trading between the local networks and the European networks. When the Europeans departed, Chinese OFBs were able to extend intermediation service to other foreign firms, particularly the Japanese. Their rising prosperity spurred the institutions to make local access contingent on stronger local investments. The Chinese OFBs responded by becoming industrial enterprises. Recognizing their potential, Chinese government encouraged them to invest locally in China. To mobilise specific endowments for supporting a stronger role in China, Chinese OFBs enhanced linkages in their host environments and diversified into a range of sectors. Additionally, they sent their children to the West for education, to cater to the Western MNCs also. Women played an important role in handling the financial matters, and in driving new investments – initially locally, then in China, and then in other nations around the world, and thus helped the Chinese OFBs access new endowments in each local market.

In the early years, Lebanese OFBs also enjoyed cosmopolitan variety of capitalism in West Africa. They succeeded by developing local linkages that allowed them to intermediate the trade with first locally based European firms, and subsequently directly with the Europe-based firms who lacked direct local investments in West Africa. Their marriage with local women helped in acquiring local cultural and linguistic proficiency. As they established control over local trade in different markets, they remarried with Lebanese women. They patronised European administrators on the one hand, and local governments and community charities on the other, to help suppress criticism against their rising economic prosperity and power. They also invested in real estate and manufacturing units, mobilizing resources through co-ethnic networks as far as in Brazil. After the fall of the European colonial rule, they displaced European trading companies and used credit from the local public sector banks to expand into international trade, road transportation, and agro-processing and metal-based industrial units in a wide range of products, especially in urban areas. Simultaneously, they accommodated the contingent elements of capitalism by withdrawing from the rural interiors, giving space to the small African businesses. They also took over struggling European manufacturing units, becoming employers of a large number of local Africans, and expanded into other more cosmopolitan nations of the region. Many Arab-based Lebanese OFBs were also attracted to diversify their operations into the region, and many new migrants arrived directly from Lebanon to learn and start business operations. With the rising dominance of their ethnic community, the Lebanese OFBs were criticised for unethical and opaque business practices, for their continued strong ethnic ties, and for their insufficient psychological investment in the local community. Their children – nursed by local women – identified themselves as Africans, but continued to marry only with co-ethnics and to maintain co-ethnic ties. In this context, the wealthiest business
families experienced strongest contingencies, and many migrated to exploit new opportunities outside Africa where their ethnic community enjoyed greater political support and social legitimacy.

One of the major differences between the Chinese and the Lebanese experience is that the Chinese already had some local base and resources, when the Europeans took over international trade from them, forcing them to develop deeper local investments. Later, when the Europeans left, Chinese OFBs sought to develop new markets to serve using these local investments. They also tapped the opportunity to invest in China, and then to various industrial markets, to build transnational networks. In contrast, the Lebanese had no local base and resources in West Africa, and had to look for opportunities where Europeans had not yet penetrated. The Europeans had little psychological investment in West Africa, and that allowed the Lebanese to monopolise trade – first locally and then globally – in product after product, region after region, even with small investments in developing local reach. And once the Europeans lost the backing of the colonial rules, they were also able to acquire European manufacturing units in a range of industries at low costs, and to diversify those into other nations of the region. Their prosperity attracted Lebanese OFBs from Arab nations also, in addition to the new Lebanese immigrants from Lebanon. The variety of capitalism in the home market also played an important role – in China, the government sought transnational investment linkages, while in Lebanon – facing civil strife – remittances were more important. Further, in terms of the gender factor, women were more actively involved in the Chinese OFBs. Overall, by the end of the 20th century, Lebanese faced a more contingent form of capitalism in West Africa, as compared to the Chinese in East Asia.

**Factors Supporting Successful Internationalisation of the OFBs**

Despite their differences, both Chinese and Lebanese OFBs were immensely successful in their respective regions. We highlight the role of four factors in their successful internationalisation: (1) strategic intent, (2) family stewardship, (3) Ethnic community sponsorship, and (4) gender-centred leadership.

**Strategic intent:** A common strategy was to intermediate between the players in the more connected inter-national market (professional European businesses and businesses situated in other markets) and those in the less connected informal intra-national non-markets (traders, entrepreneurs, producers, and consumers). The OFBs were able to develop and deepen their intermediation advantage through proximity with both sets of players. They cultivated deep business relationships with the intra-national players, which allowed them to cost-effectively source local products desired by the international markets, and to promote the products, credit, and services of the international players effectively and with appropriate risk management. Through their local relationships, they were able to reduce sourcing cost for the global players. Further, they were able to reduce the costs of distributing and marketing global inputs and products, and in many cases, even form networks connecting directly to producers in the overseas markets and reducing the local user costs even further. The local relationships were built through working with the local consumers, producers, and entrepreneurs, and/or initial employment in the local or the co-ethnic enterprises. The OFBs diversified and expanded by identifying multiple domains of technology, products and services from the global market, and introducing them locally from the urban cities to the rural interiors, and to other nations in the region. They started with trade (retail, wholesale, and international), diversified into related services such as transportation and/or real estate, then manufacturing, and other loosely related activities.
Joint ventures and strategic alliances with the foreign companies helped update and grow their global knowledge. They invested their surplus for growth locally as well as in their country of origin and other nations.

**Family stewardship:** Family workers, knowledge, contacts, and trust was crucial to the success of the OFBs. Members of the extended family, including co-ethnics from the same village, helped lead geographical and product diversification. In some cases, the established co-ethnics maintained distance from the new arrivals, forcing the new arrivals to use minimalist approaches to survive. The established co-ethnics also strengthened their dominant power in specific markets by controlling manufacturing, trading, wholesaling, retailing, financing, as well as logistics. As they accumulated sufficient wealth, they strived to send their children for schooling and higher education to the major regional centres or to the West, in order to gain modern knowledge and then to apply that to the family business. In some cases, wealthier business families or their children migrated to the Western nations, or to other nations in the region or to their home nation.

**Ethnic community sponsorship:** The ethnic community acted as an important sponsor of the growth of the OFBs. First, the ethnic community influenced the markets where the OFBs entered and grew. Many co-ethnic family businesses clustered in each sector/market to deepen the ethnic community’s web of local relationships, and to exchange knowledge and resources within the community. Second, the ethnic community mediated management of institutional sponsorship. Community patronage of the colonial and national governments offered protection, and allowed appropriation of rents. Patronage was won over through financial donations for favours to the government officials and political parties, and for high profile social and local community causes. The ethnic community also won over institutional support for diversifying from trade into manufacturing and services, in order to help create value through the expansion of economic employment and consumption opportunities for the local populace. Through positive or negative sponsorship by the local institutions and their ethnic communities, the OFBs engaged in activities where the local entrepreneurs lacked skills, resources, and capabilities, and pulled back where the latter had or acquired competencies. The interaction between the ethnic community and the local institutions evolved over time, and ranged from ignorance to passive accommodation, active inducement, passive restrictions, active restrictions or even expropriations. These interactions included both opaque as well as transparent relationships, ranging from various forms of lawful and unlawful support. Overall, the international growth of these OFBs was punctuated by the periods of crisis, and was often achieved without strong assimilation in the local culture.

**Gender-centred leadership:** Initial OFBs businesses were set up by the male entrepreneurs, individually or with their male relatives. Subsequent generation of arrivals often saw a co-preneurial model, where husband and wife worked together. Wife typically worked in specific functions, such as human resources and finances. The wife pulled back after the business developed, but often focused on helping the family business develop and diversify into new sets of opportunities. The wife also mentored children, and helped them decide to choose family business as a career option.
Mapping the OFB Internationalisation Factors and the Family Business Systems

In the family business literature, family businesses are often portrayed as meta-systems comprising of family system, business system, and ownership system. However, this literature is highly gendered, where the role of gender – though very important in family businesses – remains buried, except in studies specifically focusing on gender. In a gender system, ‘Vertical segregation is caused by the over-representation of male managers and horizontal segregation is caused by the uneven distribution of women and men in different industries’.

These four systems can be mapped on to Parson’s AGIL schema in the theory of structural functionalism. AGIL stands for four institutes in social system – each with its own function: (1) Adaptation, or capacity to interact with the environment; (2) Goal attainment, or capacity for goal setting and decision making; (3) Integration, or capacity for convergent norms and values; and (4) Latency, or capacity to sustain the integrative elements in the face of change.

The experiences of the OFBs show that the family system, through family stewardship played an important role in continuously adapting to the local environment, such as by inviting members of the extended family or through marriages. The business system, through a strategic intent to capitalise on the entrepreneurial opportunities and the institutional constraints, served the function of goal attainment. The ownership system, through sponsorship of the ethnic community involving linkages with the home nation and the co-ethnic community, produced convergent norms and values for the diaspora in each period and region. Finally, the gender system, through gender-centred leadership, assured integrative socialisation of children and harmonised that with enhanced investments locally and globally over time.

The four institutes of AGIL scheme can be divided into (1) the extrinsic challenges of strategically mobilizing endowments for adaptation, and tactically managing opportunities and constraints for goal attainment; and (2) the intrinsic challenges of strategically fusing the core family values with the imperatives of change and non-ethnic investments, and tactically maintaining the sponsorship of the ethnic community for the family and its activities. Table 1 illustrates the varying spatial and temporal orientation of the four institutes, and the mapping of the four OFB internationalisation factors and four family business systems.

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<th>Table 1: Schematic Mapping of OFB Internationalisation Factors and Family Business Systems</th>
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For an OFB to have enduring success, all the four institutes must play a complementary role. The family and the gender systems have strategically oriented roles of...
building family’s and children’s latent capacity to persist and adapt in the face of change and the imperatives of the local environment. The business and the ownership systems have tactically oriented roles of making goal oriented decisions, and keeping the ethnic community engaged both for shaping as well as attaining the business goals.

**Implications for Further Research and Practice**

The schematic mapping suggests that the four systems and the associated factors might constitute distinct pathways for the internationalisation of the family businesses. Recent research that emphasises the role of non-family resources and alliances in the internationalisation of family businesses indicates a business system driven pathway. Conversely, the diaspora research focused on the migration of the family members reflects a family system driven pathway. Ownership system pathway is indicated in the choice of specific host nations by the OFBs, and also in the temporally varying bilateral interface with the nation of origin and multilateral interface with other nations in the region or globally. Finally, the gender system pathway becomes salient particularly during the periods of inflection, when women are often involved as co-preneurs to help research and develop new opportunities. In recent years, globalisation and technology revolution has implied more frequent and sustained periods of inflection, and have facilitated less segregated involvement of women. Changing social attitudes, improved safety and security, and education and mobility of women have also strengthened the gender pathway to the internationalisation of family businesses; though more needs to be done in terms of mentoring, networking, and work/life balance to strengthen this pathway.\(^{71}\)

In different conditions, the mutual relationship amongst the four pathways may differ – making them complementary, sequential or alternative pathways to internationalisation. For instance, the women’s involvement in the internationalisation of a family business may strengthen because of the family factors (lack of sufficient male members), the ownership factors (interacting with the ethnic community and local institutions to advance women), and/or the business factors (competencies of women and the changing demands of the local or global market). Further, the inter-related pathways may produce specific correlations with different strategies and structures for internationalizing of family business. For instance, if both ethnic community sponsorship and embedded adaptation to the local institutional environment is very strong, then that may encourage an ethnocentrically focused strategy (such as exports) and structure (such as international division) for internationalisation.

The diaspora experiences have several other practical implications for the modern-day family businesses. First, the internationalisation of a family business is likely to also precipitate co-internationalisation of co-ethnic family businesses, and require appropriate strategies pertaining to the involvement of immediate and extended family members and of co-ethnics, of the interface with the local institutions and the ethnic community, and of the role of gender in leadership. Second, family businesses should assess the gaps in market relationships between the professional multinationals and the local enterprises, and how their family-oriented competencies may help them effectively fill this gap and allow a robust growth platform in local markets. Third, though the recent research has underlined the importance of non-family linkages,\(^ {72}\) the diaspora experiences show that family businesses have opportunities to use not only market but also kinship, co-ethnic, institutional, and gender links in expanding their operations overseas. Strategic planning should include an assessment of all these approaches, and use these simultaneously or sequentially to support greatest success.
Overall, just like their diaspora predecessors, modern-day family businesses can play a potentially very critical role in enabling and facilitating further globalisation, and in connecting excluded bottom of the pyramids around the world with the innovations and services of the professionally run enterprises.

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End Notes

* This conference paper (full version) has been double-blind assessed by two referees.


11. Peter Hall and David Soskice, ‘An Introduction to Varieties of Capitalism’.

12. Ibid.


14. Peter Hall and David Soskice, ‘An Introduction to Varieties of Capitalism’.

32. Richard Whitley, *Divergent Capitalisms*.
35. Eric Tsang, ‘Internationalizing the family firm’.
51. Saïd Boumedouha ‘Lebanese entrepreneurs in West Africa’, p. 239.


60. Said Boundedouha ‘Lebanese entrepreneurs in West Africa’.


62. Ibid.

63. Boutros Labaki, *The Role of Transnational Communities*.

64. Ibid.

65. Chris Bierwirth, *The Lebanese Communities of Côte d’Ivoire*.

66. Boutros Labaki, *The Role of Transnational Communities*.

67. Renato Tagiuri and John Davis, ‘Bivalent attributes of the family firm’.


72. Lucia Naldi and Mathias Nordqvist, *Family firms venturing into international markets*. 