Corporate Governance: An International Review

WILEY

REVIEW ARTICLE OPEN ACCESS

The Corporate Governance of Business Groups Around the World: A Review and Agenda for Future Research

Ruth V. Aguilera[1,2] | Ryan Federo[3] | Raquel Justo[3] | Adrian Luis Merida[3] | Bartolomé Pascual-Fuster[3]

[1]D'Amore-McKim School of Business, Northeastern University, Boston, Massachusetts, USA | [2]ESADE Business School, Universitat Ramon Llull, Barcelona, Spain | [3]Department of Business Economics, Universitat de les Illes Balears, Palma de Mallorca, Spain

Correspondence: Ryan Federo (ryan.federo@uib.es)

Received: 28 February 2023 | **Revised:** 5 June 2024 | **Accepted:** 9 June 2024

Funding: Financial support is received from the Spanish Ministry of Science and Innovation (MCIN/AEI/10.13039/501100011033) project PID2020-115982RB-C21.

Keywords: advanced and emerging economies | business groups | comparative literature review | corporate governance

ABSTRACT

Research Question/Issue: Scholarly interest in business groups (BGs) has grown considerably over the years, as they emerged as important players in the global economy. Yet, there exist ample differences in the corporate governance, strategies, and performance of BG-affiliated firms. Given that BGs differ substantially across national institutional contexts, previous studies provide inconclusive arguments and empirical evidence regarding the complex relationship between corporate governance and firm performance within BGs.

Research Findings/Insights: Our review of 301 articles published in highly ranked journals between 1986 and 2023 establishes a mechanism-based framework to explain the effect of BG affiliation, ownership structure, and corporate governance practices on firm performance. We also reveal that many relationships between these factors vary cross-nationally and over time, contingent on the national institutional strength where BGs are domiciled and operate.

Theoretical/Academic Implications: We develop a mechanism-based framework to unpack the relationship between corporate governance and firm performance within BGs and discuss previous studies' findings across different institutional settings. We find that some mechanisms are generally applicable to BGs in many contexts, whereas others only hold in particular institutional conditions. We then offer several research avenues for further scholarly attention.

Practitioner/Policy Implications: Managers and policy makers should consider cross-national differences to fully understand BGs. Ultimately, our review demonstrates that there is no one-size-fits-all approach to BGs because their roles, functioning, and outcomes differ across institutional settings.

1 | Introduction

Business groups (BGs) are sets of legally independent firms that are connected through a variety of persisting formal and informal ties (Granovetter 1995; Khanna and Rivkin 2001), usually aimed at operating in a coherent manner to achieve mutual objectives (Aguilera et al. 2023). Scholars contend that BGs are an efficient governance structure serving as organizational response to inefficient or missing institutions (Khanna and Yafeh 2007), thus should theoretically vanish over time as economies progress to support market-based transactions (Khanna and Palepu 1999). Yet, they are ubiquitous worldwide, driving not only the economies of developing and emerging countries but also many advanced ones. For example, BGs constitute most of the largest Indian enterprises (Kant 2018; Ramachandran, Manikandan, and Pant 2013), control more than 50% of South Korean listed firms' market value (Bae and Kim 2021; Pae 2018), and employ more than 40% of the labor force in the OECD countries (OECD 2019). BGs' importance in the global economy has resulted in a considerable increase in research interest over the last decades.

Several scholars have already synthesized the extant BG literature (see Table A1). However, previous literature reviews largely focus on integrating theoretical perspectives to explain BGs' existence and structure (e.g., Dau, Morck, and Yeung 2021; Yiu et al. 2007), identifying the factors influencing BG performance—both at the affiliate and group levels—in emerging economies (e.g., Carney et al. 2011; Lin, Nguyen, and Tran 2019), determining BG affiliation's consequences (e.g., Locorotondo, Dewaelheyns, and Van Hulle 2012), understanding BGs' internationalization (e.g., Aguilera et al. 2020; Holmes et al. 2018; Yaprak and Karademir 2010), and discussing BGs' corporate governance dimensions (Aguilera et al. 2023; Colli and Colpan 2016). The common findings from prior reviews of BGs suggest the challenge in determining definitive relationships among the factors surrounding BGs. Given that BGs substantially vary in terms of their purpose, structure, and outcomes across national contexts, we contend that the heterogeneity of institutional settings where BGs are domiciled and operate may explain the inconclusive theoretical arguments and empirical evidence in the extant literature (Carney et al. 2011). Thus, our review considering the institutional differences is warranted not only to reconcile previous studies but also to unpack the patterns of relationships among the factors concerning BGs across national contexts (Castaldi et al. 2019).

There is also a vast and rich literature on BGs in a series of monographs, with one of the earliest one being on Nicaraguan BGs (Strachan 1976) and a large tradition of studies focusing on Japanese (Gerlach 1992; Lincoln and Gerlach 2004), Chinese (Keister 2000), South East Asian (Chang 2006), and Latin American BGs (Schneider 2013). A comprehensive edited volume by Colpan, Hikino, and Lincoln (2010) covers a theoretical and historical overview of BGs from countries in Asia, Latin America, Middle East, and Africa, as well as the economic, sociopolitical, and managerial dimensions of BGs—some of the relevant chapters are discussed in this review.

Our review differs from previous literature reviews and monographs in that we focus on the complex relationship between corporate governance and firm performance within BGs across diverse institutional settings. In doing so, we aim to discern common patterns and differences between emerging and advanced institutional national contexts. Our comparative analysis enhances our understanding of why BGs exist, their organizational structures and processes, strategic behaviors, and the outcomes attributable to BGs.

Our comparative review reveals that the benefits of BG affiliation are pronounced in emerging markets, enabling firms to compensate for institutional voids and gain critical access to financing. However, these advantages tend to diminish as markets mature, with the benefits of internal markets becoming less apparent and investors increasingly penalizing inefficiencies, particularly those associated with capital misallocation. We also disentangle existing findings on ownership dynamics, noting differential effects of ownership concentration for BG affiliates relative to unaffiliated firms, as well as distinct behaviors among family-owned and state-owned BGs that influence firm performance. Lastly, we underscore the critical role of the institutional context in shaping internal corporate governance mechanisms, such as boards of directors, especially in settings where BGs are highly interconnected and prone to internal group transactions. These insights contribute to our understanding of BGs by highlighting how the roles and governance of BGs vary across institutional contexts.

The contributions of our review are threefold. First, we develop a mechanism-based framework synthesizing the current literature published in high-quality journals to gain a holistic view of BGs. Second, our comparative approach emphasizes how institutional context substantially matters in understanding BGs to shed light on what we know about the relationships between BG factors and outcomes. Third, we propose an agenda for management and corporate governance scholars to guide future research on BGs, highlighting the need to move beyond the attempt to find generalizable conclusions that are less likely applicable across institutional contexts.

2 | Characterizing Emerging and Advanced Contexts

The institutional context of a country, comprising formal and informal elements, is critical in shaping its economic landscape. Formal institutions such as laws and regulations provide a legal environment that supports investment and business operations, enhancing investor confidence through strong property rights and effective enforcement of contracts (Acemoglu and Johnson 2005; North 1990; Shleifer and Vishny 1997). Informal institutions, including cultural norms and social networks, promote trust and social cohesion, which are essential for economic performance and entrepreneurship (Knack and Keefer 1997; Putnam 1993). These informal aspects not only complement formal settings but also influence corporate governance and strategic decisions (Aguilera and Jackson 2003). In addition, political regimes affect political stability and policy predictability, with democracies generally fostering transparency and economic growth, whereas authoritarian regimes introduce uncertainty and investment risks (Acemoglu and Johnson 2005; Alesina and Perotti 1996).

The main distinction between advanced and emerging economies is the level of institutional development that can facilitate efficient market transactions (Hoskisson et al. 2000). Emerging economies are characterized by market inefficiencies and institutional voids, such as weak legal protection, underdeveloped financial markets, and high levels of corruption and political interference. In such contexts, BGs arise as means to provide relatively efficient internal capital markets that enhance resource allocation and reduce transaction costs and opportunistic behaviors (Almeida and Wolfenzon 2006; Khanna and Palepu 2000a, 2000b; Khanna and Rivkin 2001; Peng 2003). In a sense, BGs substitute malfunctioning institutions by establishing formal connections (such as equity ties and interlocked directorates) as well as informal networks and trust-based relationships (such as family or kinship connections) to navigate the less mature regulatory and legal systems (Granovetter 1995; Guillen 2000; Khanna and Yafeh 2007).

In contrast, advanced economies exhibit stable and robust institutional settings, including strong legal systems and effective enforcement of property rights that can ensure (for the most part) efficient contract enforcement, comprehensive corporate governance, and shareholder protection (Claessens and Yurtoglu 2013; Shleifer and Vishny 1997). Such institutional setting offers better protection of minority shareholders and reduces the need to rely on informal mechanisms. Corporate governance is reinforced by the institutional setting as is more likely to emphasize formal structures and processes, such as board independence, transparent reporting, and adherence to international best practices (Aguilera and Jackson 2003). Although there is no apparent need for market internalization through the formation of BGs in such contexts, their presence is still significant (Belenzon, Berkovitz, and Rios 2013; Masulis, Pham, and Zein 2011).

In sum, the contrasting institutional settings of emerging and advanced economies influence the need for specific business arrangements to circumvent inefficiencies and maximize opportunities. BGs are one of such business arrangements, but its effectiveness in enhancing firm performance may vary contingent on the degree of institutional development. The next section discusses the bibliometric strategy that we have followed to understand the extant research on BG corporate governance.

3 | Bibliometric Strategy

In order to identify the sample of key articles that have studied the corporate governance of BGs and its influence on firm performance across different institutional settings, we followed three phases: identification, screening, and assessment (Tranfield, Denyer, and Smart 2003), as illustrated in Figure 1. In the first phase, we broadly identified relevant articles by searching the Clarivate Web of Science Core Collection and Business Source Premier databases using the keywords business group and business group*. We also used several words pertaining to BGs, such as *industrial group*, *keiretsu*, *qiye jituan*, *business house*, *grupo*, *grupo economico*, *chaebol*, *guanxi qiye*, or *family holding* (e.g., Aguilera et al. 2020; Holmes et al. 2018; Yiu et al. 2007). The initial search on the title, abstract, and author-provided keywords yielded 5644 articles. We then removed articles that are duplicate entries, written in non-English language, and published in journals ranked below 3 of the 2021 Academic Journal Guide's list and with 2020 Journal Citation Report impact factor of below 1 (Bouncken et al. 2015; Freixanet and Federo 2023), resulting in 494 articles.

The second phase involved screening the articles by reading the abstract, allowing us to discard 190 articles that did not cover BGs. In the third phase, we read the full text of the articles, resulting in the further exclusion of nine articles. In all of the phases, three authors independently read the articles and then resolved coding discrepancies to achieve full inter-rater agreement. During the article reading, we also identified six snowballed articles that were commonly cited in several papers, but they were not captured during the electronic database search. The final number of articles included in our review is 301 (see Table A2 for the summary of the article publications per year and Appendix S1 for the master list of the reviewed articles).

To collect information from the articles, we created a master code document detailing the coding objectives and protocol (Krause, Roh, and Whitler 2022). Two authors subsequently used the protocol to independently code an initial set of 30 articles in order to improve the coding criteria. The preliminary coding process has identified the following information: (1) publication information (e.g., author/s, year of publication, and journal), (2) research objectives and findings (including the studied relationships and key variables), (3) research discipline and theoretical foundations, and (4) methodology (e.g., data source, institutional context coverage, sample size, analytical technique, and level of analysis). After finalizing the coding criteria, all the authors collected the information and also resolved any inconsistencies during the coding process to result in full inter-rater agreement.

The reviewed articles are published in 66 journals (see Table 1 for the complete list), of which 23 are included in the *Financial Times*'s list. A huge chunk of the sample articles use quantitative methods, with more than 82% of the total, whereas less than 10% adopt qualitative methodologies (see Table 2 for a descriptive summary of the reviewed papers). With regard to the studies' scope, almost 80% are conducted in a single country. To distinguish advanced economies and emerging economies, we used the International Monetary Fund's country classification as of 2023; around 45% of the articles cover BGs in emerging economies, whereas roughly 42% focus on BGs in advanced economies and a little over 6% combine both contexts in their research. The reviewed papers largely draw on agency theory, with almost 30% of the articles. Meanwhile, to understand BGs, many articles have also used several other theoretical perspectives such as institutional theory (18%), resource-based view (14%), and transaction cost economics (10%), among others.

4 | The State of the Art of BGs' Corporate Governance Research

In this section, we discuss the state of the art of BGs' corporate governance research, structured in three parts that provide a comprehensive analysis of the literature while bearing in mind the different institutional contexts. The first part explores how BG affiliation influences firm outcomes differently in advanced and emerging economies. The second part focuses on the extant research about the role of ownership structure and its different components: pyramidal ownership, ownership concentration, wedge, and the controlling owner's identity. The third part delves into corporate leadership, which includes the board of directors, chief executive officers (CEOs), and top management teams (TMTS). The goal of this discussion is to synthesize the key findings and takeaways in order to identify common and diverging patterns between advanced and emerging economies. Figure 2 shows our organizing framework of business research.

4.1 | BG Affiliation and Performance Outcomes Across Institutional Contexts

The extant literature suggests that the effect of BG affiliation depends on the strength of formal institutions such as investor protection and the rule of law (Khanna and Yafeh 2007). As institutions evolve, the value of BG affiliation may decrease

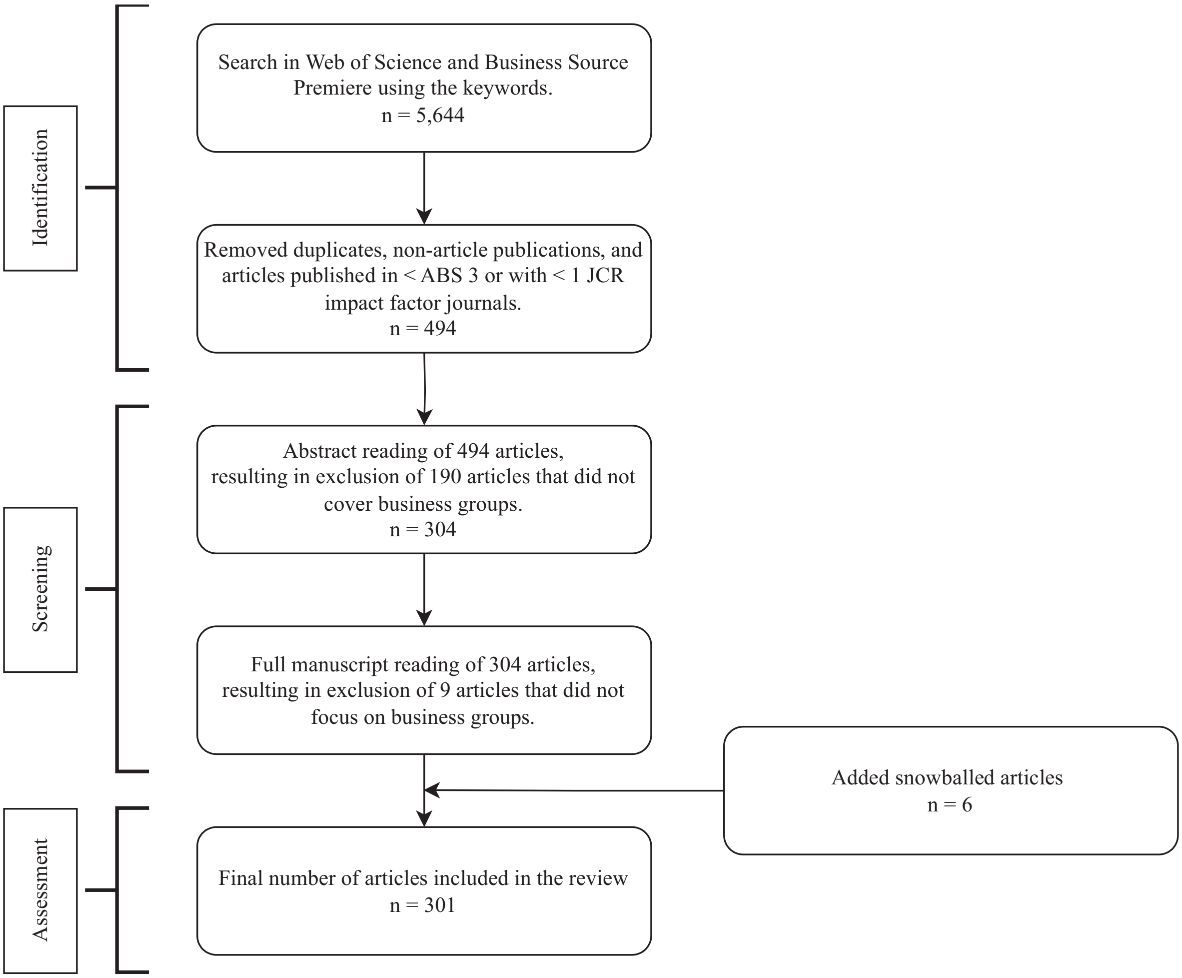

FIGURE 1 | Literature review process.

because of improvements in external market functioning, governance practices, and regulatory framework that allow firms to operate independently (Carney et al. 2011; Carney, Shapiro, and Tang 2009).

In emerging economies, BG affiliation generally shows a positive effect on performance. Previous studies uncover that BG-affiliated firms outperform stand-alone companies in Turkey (Karabag and Berggren 2014), South Korea (Chang and Choi 1988; Chang and Hong 2002), India (Khanna and Palepu 2000b; Ramaswamy, Purkayastha, and Petitt 2017; Zattoni, Pedersen, and Kumar 2009), and China (Carney, Shapiro, and Tang 2009; Seo, Lee, and Wang 2010) before pro-market reforms took place. BGs overcome institutional voids by providing capital, technology, and overarching strategies, including innovation (Choi et al. 2022), diversification (Mahmood, Chung, and Mitchell 2017), and internationalization (Purkayastha, Manolova, and Edelman 2018; Shi et al. 2022) to identify and seize new growth opportunities effectively.

For instance, BGs have been able to persist in China partly because of their strategic diversification efforts (Zhang, Sjögren, and Kishida 2016). In India, BGs have leveraged their marketing and technological strengths to support their affiliates' foreign direct investments (Chari 2013; Siegel and Choudhury 2012). Moreover, they can capitalize on internationalization to leverage their affiliates' market knowledge and international connections to gain global competitive advantage (Lamin 2013; Ramamurti and Singh 2009; Yiu, Bruton, and Lu 2005).

However, the value of BG affiliation can vary considerably across contexts. Indeed, cross-country studies usually report heterogeneous effects of BG affiliation (e.g., Chacar and Vissa 2005; Chang, Chung, and Mahmood 2006; Masulis, Pham, and Zein 2011). For example, Hu, Cui, and Aulakh (2019) find that the positive effects of BG affiliation on performance persistence can sometimes be attributed to the type of government control, in which it is more pronounced in China's state-led system compared to India's co-governed system. Moreover, for foreign BG affiliates, the host country's institutional development also matters, such as the case of Japanese, Indian, and South Korean BGs (Castaldi et al. 2019; Garg and Delios 2007; Gaur et al. 2019; Gaur, Delios, and Singh 2007). Specifically, BG affiliation is most valuable in countries with weak institutions (i.e., emerging markets) where affiliates can overcome market imperfections and liability of foreignness by leveraging internal resources and capabilities, thus highlighting the importance of the institutional context in determining the value and success of BG affiliation abroad.

Furthermore, the evolution of institutions can also alter the value of BG affiliation. In China, India, and Taiwan, BG

TABLE 1 | List of journals included in the review.

No.	Journal	AJG rank	JCR impact factor	*N*	%
		FT50 journals			
1	*Academy of Management Journal*	4*	10.194	11	3.65
2	*Academy of Management Review*	4*	12.638	1	0.33
3	*Administrative Science Quarterly*	4*	11.113	2	0.66
4	*American Economic Review*	4*	9.170	1	0.33
5	*Contemporary Accounting Research*	4	3.543	3	1.00
6	*Entrepreneurship Theory and Practice*	4	10.075	4	1.33
7	*Journal of Business Ethics*	3	6.430	12	3.99
8	*Journal of Finance*	4*	7.544	6	1.99
9	*Journal of Financial and Quantitative Analysis*	4	3.745	1	0.33
10	*Journal of Financial Economics*	4*	6.988	13	4.32
11	*Journal of International Business Studies*	4*	11.382	10	3.32
12	*Journal of Management*	4*	11.790	5	1.66
13	*Journal of Management Studies*	4	7.388	9	2.99
14	*Management Science*	4*	4.883	8	2.66
15	*Organization Science*	4*	5.000	11	3.65
16	*Organization Studies*	4	6.306	7	2.33
17	*Quarterly Journal of Economics*	4*	15.563	1	0.33
18	*Research Policy*	4*	8.110	5	1.66
19	*Review of Accounting Studies*	4	3.419	2	0.66
20	*Review of Finance*	4	3.894	3	1.00
21	*Review of Financial Studies*	4*	5.814	6	1.99
22	*Strategic Entrepreneurship Journal*	4	9.289	3	1.00
23	*Strategic Management Journal*	4*	8.641	13	4.32
		Non-FT50 journals			
24	*Academy of Management Perspectives*	4	7.846	1	0.33
25	*Accounting Auditing & Accountability Journal*	3	4.117	1	0.33
26	*American Journal of Sociology*	4*	4.688	1	0.33
27	*American Sociological Review*	4*	9.654	1	0.33
28	*British Journal of Management*	4	6.567	6	1.99
29	*Business History*	4	1.816	10	3.32
30	*California Management Review*	3	8.836	1	0.33
31	*Cambridge Journal of Economics*	3	2.156	1	0.33
32	*Corporate Governance: An International Review*	3	3.396	17	5.65
33	*European Financial Management*	3	1.800	2	0.66
34	*European Management Review*	3	2.534	1	0.33
35	*Family Business Review*	3	9.848	1	0.33

(Continues)

TABLE 1 | (Continued)

No.	Journal	AJG rank	JCR impact factor	*N*	%
36	*Finance Research Letters*	3	5.596	4	1.33
37	*Financial Management*	3	2.938	2	0.66
38	*Global Strategy Journal*	4	7.571	6	1.99
39	*Industrial and Corporate Change*	3	3.085	9	2.99
40	*International Journal of Human Resource Management*	3	5.546	2	0.66
41	*International Marketing Review*	3	5.326	2	0.66
42	*Journal of Accounting and Public Policy*	3	2.815	2	0.66
43	*Journal of Banking & Finance*	3	3.070	8	2.66
44	*Journal of Business Research*	3	7.550	25	8.31
45	*Journal of Economic Literature*	4	8.604	1	0.33
46	*Journal of Family Business Strategy*	3	5.277	4	1.33
47	*Journal of Financial Intermediation*	4	5.179	1	0.33
48	*Journal of Financial Markets*	3	2.516	1	0.33
49	*Journal of Financial Research*	3	2.067	1	0.33
50	*Journal of Industrial Economics*	4	1.194	1	0.33
51	*Journal of International Management*	3	4.645	8	2.66
52	*Journal of Production Innovation Management*	4	6.987	1	0.33
53	*Journal of World Business*	4	8.513	14	4.65
54	*Long Range Planning*	3	8.802	3	1.00
55	*Management and Organization Review*	3	2.373	6	1.99
56	*Management International Review*	3	3.721	7	2.33
57	*Omega: International Journal of Management Science*	3	7.084	1	0.33
58	*Organization*	3	5.122	1	0.33
59	*Public Choice*	3	2.019	1	0.33
60	*RAND Journal of Economics*	4	1.986	1	0.33
61	*Regional Studies*	4	4.672	2	0.66
62	*Review of Political Economy*	3	4.659	1	0.33
63	*Small Business Economics*	3	8.164	3	1.00
64	*Strategic Organization*	3	5.409	1	0.33
65	*Technovation*	3	6.606	1	0.33
66	*World Bank Economic Review*	3	2.183	1	0.33

affiliation provided stability for firms during the early phases of institutional transitions, but its value has diminished as institutions developed over time (Carney, Shapiro, and Tang 2009; Luo and Chung 2005; Seo, Lee, and Wang 2010; Zattoni, Pedersen, and Kumar 2009). Similarly, in South Korea, extensive and rich research spanning almost four decades document the shifting effect of BG affiliation on firm performance (Baek, Kang, and Park 2004; Chang and Choi 1988; Chang, Chung, and Mahmood 2006; Chang and Hong 2000, 2002; Lee, Peng, and Lee 2008). From the mid-1970s to the mid-1990s, chaebol firms were more innovative (Chang, Chung, and Mahmood 2006) and had greater economies of scale and scope that allowed them to share resources and reduce transaction costs (Chang and Hong 2000), resulting in better performance than unaffiliated ones (Chang and Choi 1988). After the 1997 Asian financial crisis and

TABLE 2 | Descriptive summary of the reviewed articles.

Category	Item	*N*	%
Main focus	Context	103	34.22
	Corporate governance	136	45.18
	Outcomes	147	48.84
Type of study	Quantitative	249	82.72
	Qualitative	29	9.63
	Mixed	2	0.66
	Conceptual	17	5.65
	Review	4	1.33
Institutional context	Advanced economies	128	42.52
	Emerging economies	134	44.52
	Mixed	21	6.98
	N/A	18	5.98
Scope of study	Single country	237	78.74
	Cross-country	46	15.28
	N/A	18	5.98
Theoretical framework	Agency theory	90	29.90
	Institutional theory	54	17.94
	Resource-based view	41	13.62
	Transaction costs	31	10.30
	Network theory	14	4.65
	Institutional voids	12	3.99
	Resource dependence theory	11	3.65
	Others	152	50.50
	Not specified	52	17.28
Level of analysis	Affiliate	226	75.08
	Group	42	13.95
	Both	11	3.65
	Others (IJV, country, industry)	9	2.99
	N/A	19	6.31
Comparison between affiliated and stand-alone firms	Yes	160	53.16
	No	119	39.53
	N/A	21	6.98
Business group variable	Dependent	11	3.65
	Independent	105	34.88
	Moderator	53	17.61
	Mediator	3	1.00
Type of data source	Primary	29	9.63
	Secondary	234	77.74
	Both	16	5.32
	N/A	22	7.31

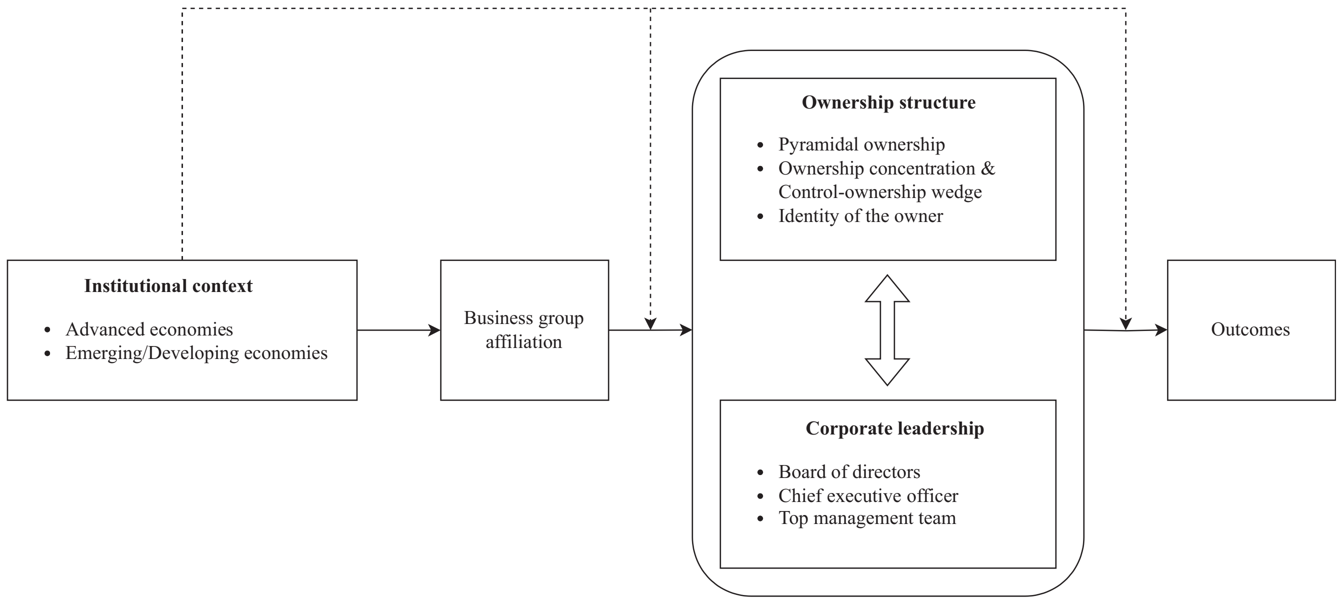

FIGURE 2 | Organizing framework of business group research.

significant institutional reforms in 1999, aimed at aligning practices with global governance standards and promoting enhanced economic competitiveness, the positive effect of BG affiliation has vanished (Choi et al. 2018), even resulting in lower firm value (Baek, Kang, and Park 2004).

The decline in the value of BG affiliation as institutions strengthen is often attributed to the cumulative effects of market-liberalization reforms implemented at different times, leading to increased competition, easier market entry for unaffiliated firms, and more efficient external markets that reduced the advantages of BGs' internal markets (Carney et al. 2011). In addition, BGs' unrelated diversification and overreliance on government resources have increased, thereby decreasing their competitiveness (Ramaswamy, Purkayastha, and Petitt 2017; Yiu, Bruton, and Lu 2005).

In advanced economies, BGs have also become prevalent (Masulis, Pham, and Zein 2011). However, the effect of BG-affiliation on firm performance is mixed. Scholars find that group affiliates have lower operating profitability and more volatile profits than stand-alone firms in Belgium due to internal transfer of resources within the group (Buysschaert et al. 2008). In contrast, a positive effect is observed in UK and French BGs (Hamelin 2011; Iona, Leonida, and Navarra 2013). Moreover, Avramidis et al. (2021) observe enhanced resilience of BGs during economic downturns in Greece, as evidenced by lower default rates during the 2008–2015 financial crisis. These conflicting results can be attributed to the difference in financial-market development across countries (Belenzon, Berkovitz, and Rios 2013). In young markets, firms within capital-intensive industries often find greater benefits from BG affiliation to gain access to financing. However, in mature markets, investors are more likely to punish BGs' inefficiencies due to capital misallocation and higher administrative costs.

In sum, the relationship between BG affiliation and firm performance is complex and varies across different institutional contexts and over time (see Table 3). Although firms in emerging markets generally benefit from BG affiliation to compensate for institutional and market deficiencies, the advantages may dissipate as institutions develop over time.

4.2 | BG Ownership Structure and Performance Across Institutional Contexts

BGs exhibit complex ownership structures that can result in different outcomes, both in isolation and jointly. A significant strand of BG literature centers on BGs pyramidal ownership, ownership concentration, wedge, and the type of ultimate owner (see Table 4). Next, we delve into the extant studies to offer insights regarding how BG ownership shapes firm outcomes in diverse contexts.

4.2.1 | Pyramidal Ownership

Many BGs around the world are organized as pyramids (Almeida and Wolfenzon 2006; Bebchuk, Kraakman, and Triantis 2000; Morck, Wolfenzon, and Yeung 2005), often combining cross-holdings where affiliated firms own shares of one another (Almeida et al. 2011). This holds true across both advanced (La Porta, Lopez-de-Silanes, and Shleifer 1999) and emerging economies (Khanna 2000) spanning regions from East Asia (Claessens, Djankov, and Lang 2000) to Western Europe (Faccio and Lang 2002). In the United States, although pyramiding was prevalent during the early decades of the 20th century, they disappeared after a series of legislative actions—such as the Public Utility Holding Company Act of 1935 and the Investment Company Act of 1940—designed to dismantle concentrated economic power in the hands of a few and stimulate competition (Kandel et al. 2019).

In a pyramidal structure, a parent company controls several affiliated firms that in turn control other firms (Bebchuk,

TABLE 3 | Synthesis of the literature on the value of BG affiliation across institutional contexts.

Topic	Findings	Mechanisms	Geographical context
Value of BG affiliation in emerging contexts	BG affiliation's benefits in emerging contexts outweigh its costs, leading to overall positive effects on performance	Bright side of internal capital markets; efficient resource allocation; mitigation of agency conflicts; reduced transaction costs; advantages of integration; Sharing resources; cross-subsidization and coinsurance; circumventing market imperfections; mitigation of family ownership risks; unrelated diversification benefits; innovation promotion; facilitation of internationalization	**Chile:** Jara, López-Iturriaga, and Torres 2021; Torres, Bertín, and López-Iturriaga 2017 **China:** Carney, Shapiro, and Tang 2009; Seo, Lee, and Wang 2010 **India:** Khanna and Palepu 2000b; Ramaswamy, Purkayastha, and Petitt 2017; Zattoni, Pedersen, and Kumar 2009 **Turkey:** Karabag and Berggren 2014; Orbay and Yurtoglu 2006
Value of BG affiliation as institutions develop	The value of BG affiliation varies across countries based on their institutional maturity and diminishes as institutions evolve over time and after pro-market reforms	Market-liberalization reforms; increased competition; easier market entry for non-affiliated firms; reduced internal market advantages; declining value of unrelated diversification; overreliance on government resources hindered BGs' ability to compete in liberalized markets	**China:** Carney, Shapiro, and Tang 2009; Hu, Cui, and Aulakh, 2019; Seo, Lee, and Wang 2010; Yiu, Bruton, and Lu 2005 **Cross-country:** Chacar and Vissa 2005; Chang, Chung, and Mahmood 2006; Masulis, Pham, and Zein 2011 **India:** Ramaswamy, Purkayastha, and Petitt 2017; Zattoni, Pedersen, and Kumar 2009 **South Korea:** Baek, Kang, and Park 2004; Chang and Hong 2002; Choi et al. 2018 **Taiwan:** Luo and Chung 2005
Value of BG affiliation for foreign affiliates	Foreign BG affiliates perform better, particularly when host country has weak institutions	BGs help overcome market imperfections and liability of foreignness in weaker institutional contexts; resource sharing and market internalization less crucial in efficient institutions; developed nations use rule-based systems; emerging markets favor personal connections	**India:** Castaldi et al. 2019; Garg and Delios 2007 **Japan:** Gaur, Delios, and Singh 2007 **South Korea:** Gaur et al. 2019

(Continues)

TABLE 3 | (Continued)

Topic	Findings	Mechanisms	Geographical context
Value of BG affiliation in advanced contexts	Mixed and scarce evidence of the value of BG affiliation in advanced contexts, with variance in performance linked to financial market development	Negative effects in Belgium due to inefficient internal resource transfers (strong affiliates subsidizing underperforming ones); positive effects in the United Kingdom and among small BGs in France; small BGs may allow controlling shareholders to preserve their wealth in challenging times (immunization hypothesis); enhanced resilience of Greek BGs during economic downturns; greater benefits in less mature financial markets; inefficiencies of BGs more punished in efficient markets	**Belgium:** Buysschaert et al. 2008 **Greece:** Avramidis et al. 2021 **France:** Hamelin 2011 **UK:** Iona, Leonida, and Navarra 2013

Kraakman, and Triantis 2000). In this way, the controlling shareholders maintain significant influence over the firms with minimal investment while avoiding excessive dilution (Fisman and Wang 2010; Riyanto and Toolsema 2008). Importantly, pyramid structures serve as a means not only to secure control but also to mitigate external market failures by leveraging internal capital markets (Almeida and Wolfenzon 2006; Bena and Ortiz-Molina 2013; Buchuk et al. 2014; Masulis, Pham, and Zein 2011).

In emerging markets where capital access is restricted, BGs can allocate resources to high-potential affiliates or those requiring financial aid. This strategy is evident in the pursuit of innovation, in which research and development (R&D) investments are directed to firms at lower levels of the pyramid where controllers have fewer cash flow rights, thus shielding themselves from potential losses (Choi et al. 2022; Gavious, Hirsh, and Kaufman 2015). This higher investment has been shown to translate into higher value and profitability (Masulis, Pham, and Zein 2011). However, in an institutional setting with poor investor protection, a pyramidal structure may lead to expropriation of minority shareholders' interests (Claessens et al. 2002; Joh 2003; Volpin 2002). This is commonly achieved through tunneling where resources are diverted to entities in which controlling shareholders possess greater cash flow rights, usually at the expense of minority shareholders (Bertrand, Mehta, and Mullainathan 2002; Friedman, Johnson, and Mitton 2003; Johnson et al. 2000).

However, it must be noted that analyses concerning the influence of pyramidal ownership on firm performance are complex due to potential endogeneity issues (Khanna and Yafeh 2007). Almeida and Wolfenzon (2006) suggested that pyramidal BGs might acquire less profitable ventures and place them lower in the pyramids. This might lead to misleading negative correlation between pyramidal ownership and performance, because the result would reflect BGs placing inherently lower valued firms at the bottom of the pyramid. Almeida et al.'s (2011) study of Korean chaebols from 1998 to 2004 after the Asian financial crisis supports such proposed association. However, Almeida et al.'s (2011) study using a wider dataset that also considered family and nonfamily BGs across multiple contexts does not concur with the negative relationship, where they uncovered that firms lower in the pyramid performed better. The discrepancy in findings might be due to their methodological differences.

To summarize, pyramidal ownership structures in BGs reveal a complex interplay between the advantages of internal markets and the risks associated with value extraction by controlling shareholders and, therefore, may be beneficial or detrimental depending on the strength of the regulatory framework.

4.2.2 | Ownership Concentration and Control–Ownership Wedge

Ownership concentration is observed in BGs worldwide (Bebchuk, Kraakman, and Triantis 2000; Wang and Shailer 2015). In both emerging and advanced economies, with notable exceptions of Anglo-Saxon countries and Japan, ownership is highly concentrated, primarily in the hands of wealthy families or state entities (Claessens, Djankov, and Lang 2000; Faccio and Lang 2002; Faccio, Lang, and Young 2001; La Porta, Lopez-de-Silanes, and Shleifer 1999; Morck, Wolfenzon, and Yeung 2005). According to agency theory, concentrated ownership vests large shareholders with greater incentives and capabilities to monitor the managers (Jensen and Meckling 1976; Shleifer and Vishny 1986, 1997). Yet, it may also incentivize majority shareholders to pursue private benefits, potentially leading to the expropriation of minority shareholders (Bertrand, Mehta, and Mullainathan 2002). Thus, although ownership concentration may reduce principal–agent conflict, it can stimulate principal–principal problems. This trade-off between expropriation and monitoring effects likely depends on the legal system and, specifically, on the protection afforded to minority investors (Dyck and Zingales 2004; La Porta et al. 2002; Shleifer and Vishny 1997).

TABLE 4 | Synthesis of the literature on BG ownership structure across institutional contexts.

Topic	Findings	Mechanisms	Geographical context
Pyramidal ownership	Financing advantages of pyramidal structures	Pyramiding leverages internal capital markets to mitigate market failures by allowing reallocation of resources to struggling or high-potential firms; pyramidal ownership enables high-risk, high-return investments by spreading cash flow rights, thereby boosting innovation; lower level pyramid firms show higher profitability even when controlling shareholders have low cash flow rights	**Chile:** Buchuk et al. 2014 **Cross-country:** Bena and Ortiz-Molina 2013; Masulis, Pham, and Zein 2011 **Israel:** Gavious, Hirsh, and Kaufman 2015 **South Korea:** Choi et al. 2022
	Potential for expropriation if investor protection and transparency are poor	Internal capital markets open pathways for tunneling and inefficiencies at the expense of minority shareholders; potential loss of firm value	**East Asia:** Claessens et al. 2002 **Italy:** Volpin 2002 **South Korea:** Joh 2003
	Endogenous relationship between pyramidal ownership and performance	Firm selection into pyramids is non-random (selection bias); BGs may pursue less profitable ventures and place them lower in the pyramid; Pyramiding often involves acquiring firms with low pledgeable income and high acquisition premiums.	**Cross-country:** Bena and Ortiz-Molina 2013 **South Korea:** Almeida et al. 2011
Ownership concentration (OC), control–ownership wedge, internal markets	Risky and complex interplay of OC, wedge, and internal markets	Positive effects of OC on performance diluted for BGs; higher OC and larger wedge increase incentive and ability to engage in inefficient profit redistribution and tunneling; tunneling more likely in affiliates where wedge is larger; effective internal capital markets in BGs can mitigate negative impacts of wedge	**Chile:** Jara, López-Iturriaga, and Torres 2021 **India:** Bertrand, Mehta, and Mullainathan 2002; George and Kabir 2008 **South Korea:** Jin and Park 2015; Joh 2003 **Turkey:** Karabag and Berggren 2014; Orbay and Yurtoglu 2006
	Institutional development shapes the way BGs use internal markets	Institutional contexts dictate whether BGs use internal markets for group benefit or personal gain; relevant institutional aspects include stringent regulatory measures requiring transparency and market-rate transactions for intragroup loans; economic conditions impact BGs' financial strategies: tunneling in strong periods and propping in recessions	**Chile:** Buchuk et al. 2014; Jara, López-Iturriaga, and Torres 2021; Silva, Majluf, and Paredes 2006; Torres, Bertín, and López-Iturriaga 2017 **South Korea:** Jin and Park 2015 **Turkey:** Gonenc and Aybar 2006; Orbay and Yurtoglu 2006
	Tunneling, propping, winner-picking; and coinsurance	Tunneling is widespread, particularly with weak institutions and high OC and wedge; it may occur via operating and non-operating profit redistribution, as well as other elements such as intragroup PSOs; BGs may engage in "winner-picking" during crisis times; evidence of coinsurance between affiliates and controlling firm	**China:** Fisman and Wang 2010; Jia, Shi, and Wang 2013 **France:** Hamelin 2011 **India:** Bertrand, Mehta, and Mullainathan 2002; George and Kabir 2008 **Japan:** Dow and McGuire 2009 **South Korea:** Almeida, Kim, and Kim 2015; Baek, Kang, and Park 2004

(Continues)

Topic	Findings	Mechanisms	Geographical context
Identity of the controlling owner	Family business groups (FBGs)	Tensions between family and minority shareholders; May prioritize legacy over profit maximization; prone to expropriation and resource misallocation; may engage in more R&D and internationalization; Associated with poorer socioeconomic outcomes and higher government intervention; strong regulations crucial for better FBG governance; FBGs thrive in institutional transitions and economic downturns due to familial and social ties	**Brazil:** Xavier, Bandeira-de-Mello, and Marcon 2014 **Chile:** Jara, López-Iturriaga, and Torres 2021 **Cross-country:** Claessens, Djankov, and Lang 2000; Faccio and Lang 2002; Fogel 2006; Gedefaw Birhanu and Wezel 2022; Masulis, Pham, and Zein 2011
	State-owned business groups	Common in state-led countries; Taxpayer-politician conflicts; prone to expropriation due to lax governance and limited exposure to market discipline; "helping hand" boosting performance in early stages; "grabbing hand" lowering performance over time	**China:** Carney, Shapiro, and Tang 2009; Hu, Cui, and Aulakh 2019; Jia, Shi, and Wang 2013; Keister 1998, 2001; Yiu, Bruton, and Lu 2005 **Cross-country:** Chakrabarti, Singh, and Mahmood 2007

Some empirical evidence suggests that the positive effect of higher ownership concentration on performance—which usually happens at low to moderate levels of concentration—may be diluted in BGs (e.g., Jara, López-Iturriaga, and Torres 2021; Joh 2003). This could be due to the additional layers of complexity and potential conflicts of interest that come with being part of a larger group. The governance dynamics within BGs might sometimes overshadow the positive governance effects typically associated with high ownership concentration, such as focused oversight and aligned interests.

In this sense, the presence of pyramidal structures can lead to an imbalance between ownership and control rights, also known as "wedge" and typically measured as the difference between voting and cash flow rights. In Asia, the average wedge in firms varies widely. For instance, it is narrow in Thailand and the Philippines though much wider in Japan and Indonesia (Claessens, Djankov, and Lang 2000). In Western Europe, firms generally have a narrower wedge than East Asia, likely due to differences in legal systems (Faccio and Lang 2002). When the wedge is wide, the incentives to engage in resource diversion increases. Consequently, minority shareholders may anticipate potential expropriation and discount their investment, leading to lower firm valuations, particularly in regions with weak shareholder protections (Lemmon and Lins 2003; Lins 2003).

Studies in India indicate that the combination of concentrated ownership and a pronounced wedge contribute to the inefficient use of internal capital markets, resulting in lower performance of BG affiliates than stand-alone firms. Bertrand, Mehta, and Mullainathan (2002) find significant tunneling within Indian BGs, particularly through nonoperating profit components, with more expropriation occurring at firms where controllers have lower cash flow rights. This leads to decreased profitability and lower market valuation for firms involved. Similarly, George and Kabir (2008) observe that high-performing affiliated firms subsequently underperform and vice versa, supporting the notion of tunneling through profit redistribution within groups, especially under concentrated ownership.

Conversely, in Chile and Turkey, moderate ownership concentration and significant wedge generally decrease firm value, but this effect is less pronounced in BG affiliates (Gonenc and Aybar 2006; Jara, López-Iturriaga, and Torres 2021; Orbay and Yurtoglu 2006; Silva, Majluf, and Paredes 2006; Torres, Bertín, and López-Iturriaga 2017). This trend suggests a bright side of internal capital markets. Buchuk et al. (2014) explicitly test the use of intragroup lending among Chilean BGs between 1990 and 2009 and find that these not only offset financing constraints but also enhanced investment, leverage, and ROE of affiliated firms compared to non-affiliated ones. This indicates that tunneling is not predominant in Chile, likely due to stringent regulatory measures requiring transparency and market-rate transactions for intragroup loans. Similarly, Jin and Park (2015) report that in South Korea, the wedge within large chaebols is associated with better accounting performance. Importantly, the data used in this study span from 2003 to 2010, reflecting the post-market reform era initiated in the late 1990s.

Hence, the interplay between BG affiliation and ownership structure and its role on firm performance vary depending on the extent to which institutional contexts enable or deter exploitative practices from controlling shareholders. Specifically, controllers may leverage internal markets, either in the interest of the group and its stakeholders or for private gains. For example, Dow and McGuire (2009) explore the financial behaviors within keiretsu groups and find that during strong economic periods, there is evidence of profit tunneling from more weakly affiliated keiretsu firms. Moreover, they find that during economic recessions, there is propping of these weaker firms by stronger ones within the keiretsu. In China, controlling owners in pyramidal BGs appear to leverage internal markets for coinsurance purposes through related party transactions (Fisman and Wang 2010; Jia, Shi, and Wang 2013). In France, Hamelin (2011) observes a positive correlation between wedge and performance in small BGs, which suggests that internal markets in small groups primarily aims to stabilize controlling shareholders' profits rather than outright expropriation. In contrast, in South Korea, Baek, Kang, and Lee (2006) provide significant evidence indicating that chaebols employ private securities offerings to facilitate tunneling activities, particularly when wedge is higher.

In sum, the extant research shows that the institutional context may shape how BG ownership concentration and wedge affect firm performance. Although concentrated ownership can reduce agency conflicts, it also risks expropriation, especially when wedge is high and minority-shareholder protection is weak.

4.2.3 | Identity of the Controlling Owner

The most predominant ultimate owners in BGs are families and the state (Aguilera and Haxhi 2019; Cuervo-Cazurra 2006). The prevalence of each type can be attributed to the institutional environment. For example, state-owned BGs tend to exist in economies where governments dominate the business sector, such as Singapore (Chakrabarti, Singh, and Mahmood 2007) and China (Hu, Cui, and Aulakh 2019). Conversely, family BGs are much more prevalent globally (Masulis, Pham, and Zein 2011), representing a substantial share of the economy in many countries across Western Europe (Faccio and Lang 2002), East Asia (Claessens, Djankov, and Lang 2000), the Middle East (Gedefaw Birhanu and Wezel 2022), and various Latin American countries such as Brazil (Xavier, Bandeira-de-Mello, and Marcon 2014) and Chile (Jara, López-Iturriaga, and Torres 2021). It is important to note that a greater presence of oligarchic families is associated with poorer socioeconomic outcomes and more interventionist governments (Fogel 2006).

In BGs, the different types of controlling owners often have idiosyncratic governance practices due to varying interests and agency conflicts (Cuervo-Cazurra 2006; Morck, Wolfenzon, and Yeung 2005). State-owned BGs can face an agency conflict between politicians and their constituents, whereas family BGs often experience tensions between the controlling family and minority shareholders. As a result, the likelihood of expropriation practices, such as tunneling, also likely depends on the type of BG controlling ownership (Solarino and Boyd 2020). Claessens et al. (2002) find that family and state-controlled firms are more prone to expropriation than widely held corporations or financial institutions due to less stringent governance.

Moreover, family BGs are frequently involved in joint ownership and have family members actively managing the group (Morck, Wolfenzon, and Yeung 2005). They also prioritize nonfinancial objectives such as family wealth and legacy preservation (Carney 2005; Cuervo-Cazurra 2006; Gómez-Mejía et al. 2007). Consequently, families tend to favor organizational structures like pyramids that allow them to minimize dilution and investment risks (Claessens, Djankov, and Lang 2000; Masulis, Pham, and Zein 2011). Due to increased information asymmetry between the controlling family and other investors, the former tends to exploit insider information for personal gain and to inefficiently allocate financial and human resources, particularly when wedge is high (Bertrand et al. 2008; Chang 2003). In Sweden, controlling family shareholders' misconduct leads to short-term negative returns for both the affected firm and other group members (Jansson and Larsson-Olaison 2015). However, in China, Chen, Arnoldi, and Na (2015) find that the extent to which family BGs could expropriate minority shareholders by issuing loan guarantees to related parties depends on the institutional development.

Nevertheless, there is also evidence suggesting the positive effect of family BGs. Scholars find that firms affiliated with family BGs exhibit higher levels of R&D and internationalization activity (Choi, Lee, and Williams 2011; Lodh, Nandy, and Chen 2014; Min 2021; Purkayastha, Manolova, and Edelman 2018). In countries where legal frameworks prioritize transparency, like Chile, family BG affiliates tend to outperform stand-alone companies and refrain from significant expropriation practices (Jara, López-Iturriaga, and Torres 2021; Torres, Bertín, and López-Iturriaga 2017). During institutional transition, family ownership can help affiliated firms to effectively adapt and excel in turbulent environmental conditions, resulting in better performance (Dau, Purkayastha, and Eddleston 2020). This has been observed in Taiwanese family BGs where deep-rooted social and historical ties significantly enhance group performance during pro-market reforms (Luo and Chung 2005). Similarly, Middle Eastern family BGs seem better equipped than nonfamily BGs to effectively leverage political influence to thrive in environmental uncertainty (Gedefaw Birhanu and Wezel 2022).

As for state-owned BGs, most research has focused on China, where BGs are a cornerstone in the country's economic development (Keister 1998, 2001) even though their dominance gradually declined after the Asian financial crisis in 1997–1998 (Jia, Shi, and Wang 2013). Yet, state-owned BGs were also present in Italy until substantial privatizations and market liberalization reforms in the 1990s reduced state influence and encouraged a more competitive market environment (Aganin and Volpin 2005). State-owned BGs have benefited initially from a "helping hand" in the late 1990s, which was magnified when ownership was more concentrated in the hands of the state (Carney, Shapiro, and Tang 2009). Yet, this helping hand eventually became a "grabbing hand," where formerly committed and efficient managers became entrenched owing to the lack of monitoring incentives. Further evidence shows that, by 2008, Chinese BGs exhibited lower performance than unaffiliated firms (Singh and Gaur 2009).

Overall, the literature focuses on family BGs and state-owned BGs, highlighting how the institutional environment has shaped their behaviors. Family BGs often focus on legacy preservation and may engage in high levels of R&D and international activities, although they may be tempted to leverage insider information to the detriment of other shareholders. State-owned BGs generally suffer from poor governance and performance due to weak incentives for monitoring. In addition, the lack of exposure to a competitive market, driven by the support granted by the government, often leads to inefficiencies, which, combined with a lower motivation to redirect strategic decisions, leads to their performance discount. Previous studies emphasize the importance of robust legal frameworks for improving governance in family BGs and reveal the efficiency challenges faced by state-owned BGs. Yet, further research is required to examine the mechanisms that mitigate the adverse effects of concentrated ownership across different institutional contexts and types of owner. In addition, other ownership types remain far less explored in the context of BGs.

4.3 | BG Corporate Leadership and Performance Across Institutional Contexts

In this section, we discuss articles studying the relationship between corporate leadership as a governance mechanism and BG's performance by focusing on boards of directors, CEOs, and TMTs (see Table 5). Most of the analyzed articles study Asian countries, where BGs are predominant.

4.3.1 | Board of Directors

In BGs, a relevant issue is the role of boards in monitoring and coordinating affiliated firms to pursue their overall strategy (Ambos et al. 2019; Dau, Morck, and Yeung 2021; Kim, Prescott, and Kim 2005). Because each affiliated firm is a legally independent entity with its own board, effectively coordinating and controlling these diverse boards can be a challenge for BGs.

Two key issues are emphasized in the literature: the interconnection among affiliated firms' boards and the interconnection between boards of BG's controlling owner and affiliated firms. The former is generally analyzed through interlocking directors—those sitting on boards of several affiliated firms (Arnoldi et al. 2019; Keister 1998; Popli, Ladkani, and Gaur 2017; Purkayastha, Manolova, and Edelman 2018). The latter is largely examined through directors connected with the controlling owners, typically members of a controlling family (Bertrand et al. 2008; Chen, Arnoldi, and Na 2015; Purkayastha, Manolova, and Edelman 2018) or politicians in state-owned BGs (Arnoldi et al. 2019).

In emerging markets, interlocked directors are a mechanism to facilitate control and coordination of affiliated firms to replace market transactions with intragroup transactions. In China, where state intervention plays a significant role in the institutional and economic landscape, the state uses vertical interlocking directors who serve at both headquarters and affiliates (Arnoldi et al. 2019). Especially in contexts where firms' political connections are crucial, the presence of interlocking directors is positively related to firm performance (You and Du 2012).

Board interlocks may also generate BG competitive advantage. For instance, interlocks are used to enhance the capabilities of Indian BGs during acquisition decisions. Horizontal interlocks—that is, directors serve on boards of different affiliates—facilitate the sharing of knowledge across the BG and positively affect BGs' post-acquisition performance (Popli, Ladkani, and Gaur 2017). This can be attributed to the sharing of previous experience with acquisitions and knowledge of specific industries that can help in detecting value-creating acquisitions. Scholars find that professional interlocked directors improve the positive relationship between R&D activities and the degree of internationalization, whereas family-interlocked directors have the opposite effect (Purkayastha, Manolova, and Edelman 2018).

Regarding the connection to the controlling owners, family BGs have become prevalent in many emerging markets (Chittor and Das 2007). Family directors serve as a crucial mechanism for exercising control over the BG, generally resulting in improved family reputation and secured legacy even at the cost of lower financial performance (Gómez-Mejía et al. 2007). However, family directors also have a negative effect on BG-affiliated firms' performance (Bertrand et al. 2008; Purkayastha, Manolova, and Edelman 2018), as the controlling family may use their control to extract resources from minority shareholders through tunneling (Johnson et al. 2000), a risk that intensifies as the family influence gets spread across an increasing number of members (Bertrand et al. 2008). For example, Chinese family BGs use loan guarantees to affiliated firms to divert resources from minority shareholders (Chen, Arnoldi, and Na 2015). In contrast, the negative effect of family directors diminishes in regions with more market-oriented institutions because external pressures from the institutional environment stimulate better corporate governance practices and even board professionalization to lessen family control (Yildirim-Öktem and Üsdiken 2010).

As institutions develop, the board's role to safeguard the rights of minority shareholder becomes more pronounced. In Hong Kong, regulations have significantly improved the capability of larger and more independent boards to prevent tunneling activities within family BGs (Cheung et al. 2014). This regulatory enhancement aligns with broader efforts across Asia to bolster corporate governance in the aftermath of financial crises. South Korea has exhibited a similar trend. Oh et al. (2018) find that more independent boards in Korean BGs focus on value creation. Moreover, the country mandated the establishment of board audit committees to enhance corporate governance practices after the Asian financial crisis in the late 1990s. Choi, Han, and Lee (2014) highlight that these board committees' independence and financial expertise are positively associated with the stock market value of BG-affiliated firms.

4.3.2 | CEO

As leadership plays a crucial role in any organization, including BGs, the role of CEOs has attracted scholarly attention. Chittor and Das (2007) find that several Indian family BGs tend to transition from family to professional CEOs with prior experience within the BG in order to foster value creation. Similarly, in Taiwan, Chung and Luo (2013) show that a new CEO's previous BG experience is critical for value creation because it helps in leveraging the BG's network resources. In emerging economies, the value of BG experience increases due to the importance of informal institutions that CEOs are embedded in.

Moreover, some CEO personal characteristics may also influence the affiliated firms' behavior and performance. For

TABLE 5 | Synthesis of the literature on BG corporate leadership across institutional contexts.

Topic	Findings	Mechanisms	Geographical context
Board of directors	Interlocking directors influence BG performance	Vertical interlocks enhance control and coordination, boosting BG performance; horizontal interlocks promote information and knowledge sharing, improving decision-making in M&As, R&D, and internationalization; family interlocks in FBGs deteriorate decision-making and value creation strategies	**China:** Arnoldi et al. 2019; Keister 1998 **India:** Popli, Ladkani, and Gaur 2017; Purkayastha, Manolova, and Edelman 2018
	Directors highly connected to the controlling owners are relevant for the performance of BGs	Family directors in FBGs often prioritize nonfinancial objectives, leading to lower BG performance; institutional improvements lessen the negative impact of family directors on FBG performance; enhanced institutional contexts promote board professionalization in FBGs	**China:** Chen, Arnoldi, and Na 2015 **India:** Purkayastha, Manolova, and Edelman 2018 **Thailand:** Bertrand et al. 2008
	Institutional development increases the boards' effectiveness in limiting value-destroying conflicts within BGs	Market-oriented modification of the institutional context (i.e., limiting crony capitalism) increases the effectiveness of board improvements (e.g., with board independence or independent audit committee) in controlling potential conflicts within BGs, favoring BG's performance.	**Hong Kong:** Cheung et al. 2014 **South Korea:** Choi, Han, and Lee 2014; Oh et al. 2018
Chief executive officer	CEO transitions are relevant for the performance of BGs	Previous work experience and knowledge of new CEOs of BGs is positively related to performance because this facilitates access to internal and external resources	**India:** Chittor and Das 2007 **Taiwan:** Chung and Luo 2013
	CEO turnover after poor performance is less likely in BG-affiliated firms	Decisions in BGs often centralized at headquarters, reducing affiliated CEOs' accountability for poor performance; high interconnectivity and low CEO delegation increase central control; market-oriented reforms boost governance, increasing CEO turnover likelihood after poor BG performance	**China:** Chen et al. 2012 **South Korea:** Chang and Shin 2006
	CEO compensation less related to financial performance in BGs than in stand-alone firms	When BG controlling shareholders prioritize nonfinancial objectives, CEO compensation is less tied to financial performance; CEO capabilities matter less in BGs compared to stand-alone firms, as access to extensive BG resources can offset capability deficiencies	**India:** Chittoor, Aulakh, and Ray 2019 **South Korea:** Lee et al. 2023

(Continues)

TABLE 5 | (Continued)

Topic	Findings	Mechanisms	Geographical context
Top management team (TMT)	Managers of BGs may act as effective monitoring mechanisms of affiliates, improving BG's performance	Headquarters managers directly control affiliate managers when other governance mechanisms (e.g., the affiliates' boards) fail; affiliate managers with strong connections to the controlling shareholders (trust) control foreign firms in countries with highly different institutional contexts	**South Korea:** Chang and Shin 2006 **Taiwan:** Chung and Dahms 2021; Chung, Dahms, and Kao 2021
	Different configurations of the TMT are relevant in the decision-making for value creation	Key founding managers and those holding positions across multiple affiliates facilitate crucial information and knowledge sharing for BG value creation strategies	**India:** Ayyagari, Dau, and Spencer 2015 **Taiwan:** Lin 2014; Tan and Meyer 2010

instance, Chittoor, Aulakh, and Ray (2019) uncover that Indian owner CEOs are typically riskier in strategic decisions such as internationalization, but those owner CEOs of Indian BGs tend to be less risky due to their highly diversified portfolio of firms. In South Korea, although CEO narcissism is associated with increased foreign direct investment risk-taking, narcissistic CEOs of BGs are less likely to invest abroad (Lee et al. 2023).

If an affiliated firm has poor performance, CEO turnover becomes a crucial decision made at the headquarters level. However, the headquarters share some responsibility for affiliates' poor performance, especially in emerging economies where group strategies are frequently determined at the top to coordinate relevant intragroup transactions. In a sample of Chinese BGs, Chen et al. (2012) indeed find that CEO turnover is less sensitive to affiliates' poor performance if the group has more centralized decision-making. In contrast, CEO turnover is higher in BG-affiliated firms than unaffiliated ones after the Asian financial crisis, which can be attributed to pro-market reforms, including corporate governance improvements that put BGs become more sensitive to external stakeholders, including foreign shareholders (Chang and Shin 2006).

Aside from CEO characteristics and turnover, scholars analyze the effect of CEO compensation on BG-affiliated firms' performance. In China, Hu and Xu (2021) show that CEO compensation is related to both financial and political performances. In that, the effect of CEO compensation on affiliate firms' financial performance is positive, but it is lower if the chances that the CEO will receive political promotion is higher. These relationships depend on the competition to achieve political promotion and on the number of layers between the focal affiliate and the BG headquarters.

4.3.3 | TMT

Given the complexity of BGs, the TMT becomes a key monitoring and coordination mechanism. The headquarters' managers may need to supervise the actions of affiliate executives or appoint individuals with strong connections with them when the board is ineffective (Chang and Shin 2006). In Taiwanese BGs, family members are appointed to the foreign affiliates' TMTs, especially if the cultural difference between the home and host countries is greater (Chung and Dahms 2021; Chung, Dahms, and Kao 2021).

The TMTs' experience is also a key element for BG functioning to create value. In Taiwan, Lin (2014) finds that managerial positions in several affiliates are important for internationalization during the initial stages of BGs. However, family TMTs can hamper the internationalization process. Similarly, Tan and Meyer (2010) find evidence that previous foreign experience is conducive to BGs' internationalization, whereas international education does not have a significant effect. Meanwhile, in Indian BGs, Ayyagari, Dau, and Spencer (2015) show that professional managers are more adaptive to foreign countries.

To summarize, previous studies demonstrate that the relevance and role of different corporate governance mechanisms depend on the specific institutional context. As controlling owners often use the boards to control affiliates, the level of institutional development influences how minority shareholders' interests are protected. Moreover, the BG structure can alter their managers' roles and responsibilities, especially in highly interconnected BGs with many intragroup transactions that are more prevalent in weak institutional contexts.

5 | Future Research Directions

Our review has discussed the performance and corporate governance similarities and differences in BG across different institutional contexts, with a focus on advanced and emerging markets—whenever possible. In this section, we propose six broad areas of future research on BGs around the world based on the key findings and identified research gaps drawn from our literature review.

5.1 | Corporate Governance Practices

Interestingly, we still know very little about the internal corporate governance mechanisms of BGs (Aguilera et al. 2023), and our review shows that only a few articles analyze their relationship with BG performance explicitly. We would like to point to four possible avenues. First, group-level corporate governance mechanisms have received less attention in the literature, primarily because BGs do not have a formalized, overarching corporate governance structure. Instead, it is reflected in their headquarters or diffused across legally independent affiliated firms that have their own governance arrangements. Thus, it is worth studying how each set of group-level internal corporate governance mechanisms influences not only both affiliate- and group-level performance but also the outcomes of the interplay of group- and affiliate-level mechanisms.

For example, only around 7% of the articles in our sample have examined the determinants and effects of managerial characteristics in BGs. Although previous studies have focused on the affiliate level, research is yet to cover the role of managerial characteristics at the group level. The lack of research in this topic opens numerous opportunities to delve into the microfoundations of BGs. Potential research avenues include investigating the managerial actions of affiliate firms to gain insights into their strategies and structures, exploring the influence of managers on the composition and activities of BGs, and examining individual-level factors such as demographic characteristics, competencies, and behaviors of employees or managers and how these factors affect the operations of BGs.

Second, BGs' more complex organizational structure than that of stand-alone firms also presents a fruitful path for future research. Each affiliated firm has its own board, CEO, and TMT. More often, BGs have hierarchical structures, which extend to their internal corporate governance mechanisms. For example, managers of higher ranked affiliates may perform oversight functions over managers of lower ranked affiliates (Chang and Shin 2006).

Third, affiliated firms have multiple performance levels. Each has its own performance targets and metrics, in addition to its group's overall performance. Whereas minority shareholders may focus on the performance of specific affiliates where they hold equity, controlling shareholders often prioritize group-level performance. Beyond the evident principal–principal conflicts involved, this also raises questions about the appropriateness of evaluating BG strategies and governance based on affiliate rather than group performance. Currently, the complex internal governance mechanisms of the group, potential conflicts among various stakeholders (such as the managers and shareholders of different affiliates), and their impact on both affiliate and group performance remain underexplored.

Fourth, as we have discussed in this review, different institutional contexts may require unique configurations of internal corporate governance mechanisms for optimal value creation. For example, in weak institutional contexts where BGs substitute institutional voids through intragroup transactions, coordination between affiliates becomes critical. Consequently, there is less delegation to affiliate CEOs and the monitoring role of executives in higher ranked affiliates becomes more relevant (Chen et al. 2012). As institutional contexts develop, the composition and role of these governance mechanisms may change by reducing the reliance on intragroup transactions or enhancing the board' formal authority. Further research is essential to understand how BGs optimize their internal corporate governance mechanisms in different institutional settings.

As Aguilera et al. (2023) pointed out, many of the dimensions of BG corporate governance discussed in Colli and Colpan's (2016) literature review remain underexplored. Some understudied areas include the structure, roles, and processes of BG corporate boards, executives' roles, decision-making, and movement across affiliated firms and also external corporate governance mechanisms such as media, rating agencies, and financial analysts. We also lack knowledge on how BGs decide regarding resource allocation across their affiliates to build collective advantage and achieve common goals. Thus, the dearth of studies covering these subjects paves several fruitful avenues for future research on BGs.

5.2 | Ownership Structure and Performance

Although studies on the relationship between BG corporate governance and performance outcomes have mainly focused on BGs' ownership structure, multiple avenues for further research in this specific area still remain. First, although pyramidal structures have been explored to a great extent, in most cases, the methodologies are based on the identification of formal (i.e., equity ties) rather than informal links. On the one hand, this means that informal connections among firms are left out in many analyses, thereby altering the accuracy of the findings. On the other hand, informal mechanisms are less likely to be identified, thus hindering the progress in our understanding of how BGs operate behind closed doors. In addition, it remains unclear whether pyramiding results in increased or decreased firm performance relative to other ownership structures and whether firms within a pyramid perform better in the upper or in the lower levels of the pyramid. Therefore, studies have mostly looked at firm-level rather than group-level performance and limited almost exclusively to Asian contexts. In this sense, the need to account for endogeneity concerns in the selection of firms into pyramids calls for further analyses.

Research is also necessary to clarify whether concentrated ownership in BGs is beneficial or damaging and identify which mechanisms may mitigate the potential adverse effects of concentrated ownership and control–ownership disparities in BGs. Studies looking at concentrated ownership have rarely done so in relation to the presence of BG affiliation, and even fewer of them have considered whether the identity of the ultimate owner plays a role in determining whether concentrated ownership may bring opportunities or challenges. Once again, a warning that endogeneity concerns may be relatively important in this area must be made. Finally, studies on other forms of ownership, such as institutional and dispersed ownership structures, are notably lacking in the context of BGs. Understanding these different ownership types could provide deeper insights into how they influence corporate governance, strategic decision-making, and overall performance in BGs. This expansion of research could lead to more nuanced governance strategies that cater to the unique needs of each ownership type within different institutional contexts (Connelly et al. 2010; Federo et al. 2020).

5.3 | Differences Across and Within Institutional Contexts

Most of the BG research focuses on single-country studies, exceeding 70% of the articles included in our sample. We suggest that placing greater emphasis on various stages of institutional development can help establish more precise findings related to unique dimensions of institutional settings. Although we have endeavored to consider the different development stages of countries in our review, we recognize that these differences may also occur within each country and evolve over time. This emphasizes the need for a finer grained investigation of the factors surrounding BGs and their influence on performance. Given that the unique features of each context can influence how corporate governance affects outcomes in BGs (Carney et al. 2011), our review suggests that future research should not only account for but also explicitly focus on the different degrees of institutional development rather than seeking to establish generalizable sets of mechanisms that may not be applicable across contexts. This exercise would entail conducting longitudinal studies comparing the governance practices and the performance outcomes of BG-affiliated and standalone firms across various countries and varying stages of institutional development—ideally accounting for temporal dimensions allowing to track firms' pre- and post-relevant regulatory reforms. As longer panel datasets and more advanced processing tools become increasingly available, we believe there is potential to establish causal links.

Future research can also focus on the role of BGs' corporate governance mechanisms in advanced economies. Only a handful of articles in our sample have examined BGs in Western countries. Existing studies in this area are insightful, yet it is hard to draw conclusions from a small sample of studies. It is also worth noting that the extant BG literature has largely ignored the African and Middle East contexts where BGs are prevalent, and they constitute a sizeable proportion of large firms in the region (Bräutigam, Rakner, and Taylor 2002; Gedefaw Birhanu and Wezel 2022). This research gap opens a wide opportunity to explore whether our current assumptions and empirical findings regarding BGs hold in such understudied contexts, given that many of their institutional conditions are incomparable to other advanced and emerging economies (Hearn, Oxelheim, and Randøy 2018, 2023). At a lower level of abstraction, studies looking at industry-specific contexts may also yield insightful findings that may be useful in the identification of specific elements of the environment that affect the governance practices of BGs as well as the value of BG affiliation.

Furthermore, previous BG studies have mostly focused on formal institutions. What is clearly understudied in the literature points to the influence of informal institutions—such as cultural and norm differences—on BGs across contexts (Estrin and Prevezer 2011; Kedia, Mukherjee, and Lahiri 2006). Few studies analyze how BGs control foreign affiliates depending on the differences between the home and host institutional contexts, considering also informal institutions (Chung and Dahms 2021; Chung, Dahms, and Kao 2021). Informal institutions often transcend formal ones (Holmes et al. 2013). For instance, South Korea, Japan, and Latin American countries are considered collectivist societies, whereas most Western countries and South Africa are considered individualistic societies, not aligning with our emerging and advance institutional context distinction. It would be interesting to explore how these informal institutions would alter the factors surrounding BGs.

5.4 | New Perspectives on BG Affiliation

Theories seeking to explain the emergence and effects of BGs have challenged researchers to offer a generalizable view of BGs. Our review reveals that most previous studies rely on economic prescriptions such as overcoming institutional voids and the reduction of transaction and agency costs to improve financial outcomes (e.g., Lu and Ma 2008; Pattnaik, Lu, and Gaur 2018). However, there is empirical evidence suggesting that many BGs might prioritize within group relations over the economic logic when aiming for continued growth and survival (e.g., Chung 2001; Mahmood, Zhu, and Zaheer 2017). Along these lines, we observe the persistence of well-established BGs such as large keiretsus (e.g., Sumitomo and Toyota) and chaebols (e.g., Hyundai and Samsung) that are largely contingent on relational ties rather than contractual transactions. Even though several studies assume a network perspective on BGs, very few articles have focused on network factors to understand the corporate governance and performance differences among various BGs across countries. BGs are more likely embedded in several networks of international actors who may collectively have an impact on society (Doh, Tashman, and Benischke 2019; Federo and Bustamante 2022). Thus, focusing also on the relations within and among BGs by integrating a network perspective with other theories in future studies can be useful.

We also find that the extant research mainly focuses on identifying the relationship between corporate governance mechanisms and the performance of BGs. What is clearly missing in the literature is viewing BG affiliation as a process that changes over time. For example, firms that are linked through informal ties (i.e., family and social ties) may choose not to be affiliated with a BG on their early years of operations but eventually cave in to be part of a BG as they mature, or vice versa. Surprisingly, research is yet to determine whether BG affiliation is a strategic decision of the acquiring or the acquired firm, and we still do not know how this strategic decision works in different contexts. In parallel, BGs can be construed as open systems, whereby they often experience entry and exit of member firms, such as the cases of the Turkish Koc Group (Colpan and Jones 2016) and Spanish Urquijo Group (Álvaro-Moya, Puig, and Torres 2018). However, we lack knowledge about the determinants and outcomes of such structural movements within BGs. We, therefore, suggest for future research to explore how factors and their relationships may also change as BGs evolve after their inception.

5.5 | Nonfinancial Outcomes of BGs

The academic interest on corporate social responsibility (CSR) and purpose has exponentially increased during the last decade across the corporate governance and international business fields (see reviews of Aguilera 2023; Pisani et al. 2017; Zaman et al. 2022) and organization and management research in general (e.g., Gartenberg, Prat, and Serafeim 2019; Mayer 2021). Although a long-standing literature has established the important role that BGs play in the economic and social development of countries worldwide (e.g., Fisman and Khanna 2004; Khanna 2000), surprisingly, very few studies have embarked to understand BGs' nonfinancial outcomes. For instance, Cuervo-Cazurra and Colpan (2023) argue that nonfinancial objectives attributed to controlling owners' interests are important drivers of BGs' unique behaviors. Along these lines, we urge scholars to explore the influence of BGs on various dimensions of nonfinancial outcomes such as the resolution of grand challenges, corporate efforts to address environmental or climate-related concerns, and endeavors to solve social problems. Some important research questions that need further investigation may revolve around understanding whether and how do BGs contribute to CSR and sustainability issues and the role of different corporate governance configurations in this contribution (Choi et al. 2018; Guo, He, and Zhong 2018).

To study BGs' nonfinancial outcomes, one fruitful, understudied research path is to identify BGs' environmental, social, and governance (ESG) practices and what are their determinants and impact on financial outcomes (e.g., Ararat, Colpan, and Matten 2018; Cuervo-Cazurra 2018). More importantly, future research should examine BGs' ESG performance across contexts. We contend that BGs are likely to have varied CSR and ESG practices depending on the country where they operate, because what constitute as legitimate, acceptable, and ethical corporate activities may largely be contextual (Gehman and Grimes 2017). Thus, we expect that BGs' societal impact and their corresponding stakeholder perception should also vary across contexts (Chauhan and Kumar 2018; Tashman, Marano, and Kostova 2019).

5.6 | Methodological Issues

Our review uncovers how extant research on BGs has used multiple variables to measure the relationship between corporate governance mechanisms and the performance of BGs, resulting in diverging findings. For example, measures of financial performance include accounting and market-based variables (measuring past performance and expected future performance, respectively) such as ROA, ROE, Tobin's Q, stock prices, and stock returns, to name a few. In a similar vein, some studies capture strategies for value creation, such as internationalization strategies through geographic and industry diversification, export scope and intensity, international presence, and foreign market entry. A future research path is to reconcile the multiple operationalization of BG performance variables, bearing in mind the institutional differences where BGs are domiciled and operate.

Given also the possible interconnectedness of the different corporate governance mechanisms (e.g., the use of pyramidal structures and wedge), another fruitful avenue is to expand the use of configurational approach to understand BGs (e.g., Chung 2001). Here, using qualitative comparative analysis (QCA) can unpack the possible complementarity and substitution of the different configurations of corporate governance mechanisms in BGs, given that they can be construed as causally complex in yielding various outcomes (Furnari et al. 2021; Misangyi et al. 2017; Parente and Federo 2019). The use of QCA allows us to gain a holistic view of the corporate governance of BGs, thus corresponding to an equally warranted open systems approach to understanding how BGs function (Filatotchev, Ireland, and Stahl 2022; Lahiri and Dhandapani 2021).

Despite the increasing number of studies that adopted a qualitative approach to unravel the BG phenomenon (with around 10% of the reviewed articles), future research should likewise take advantage of qualitative methods to uncover several understudied aspects of BGs' internal dynamics. For instance, scholars may need to move beyond our understanding of power between BG headquarters and affiliates through ownership structures but to incorporate other status-giving characteristics such as reputation and legitimation. Another important subject concerns how decision-making processes occur within BGs. Some interesting research questions involve understanding whether mechanisms other than those adopted by headquarters influence the strategic direction and diffusion of governance practices across the entire group, which may likely differ if BGs operate in multiple, highly differentiated institutional conditions. It is also worth investigating the motivations behind BGs actions that cannot be captured via quantitative-based observation data but through in-depth interviews and/or ethnographic-based research of BGs' corporate leaders.

In addition, given the need to understand BGs as a process or system, longitudinal studies are certainly relevant to unpack how BGs evolve and change over time and how such evolution occurs in various contexts. In fact, just above 6% of the reviewed articles have conducted longitudinal analysis. A corollary to a process approach is a question of causal relationships between corporate governance mechanisms and performance. Many previous studies are unable to establish the causal direction of the studied linkages. It is useful to specifically address causality concerns in future research endeavors to understand BGs. This is particularly relevant in addressing relationships that are likely to be influenced by endogeneity bias, such as the effects on outcomes of ownership concentration and pyramidal structure. One way to do so is the experimental approach. Although our analysis did not find any experimental studies, two studies employing a quasi-experimental design demonstrate the potential of this method for understanding BGs during the implementation of a new import tariff policy (Gopalan, Nanda, and Seru 2014) and enforcement of antitrust regulation (Choi et al. 2022).

Finally, even though BGs are conceptually defined as a network of firms and the original work was very much anchored in this perspective, it is surprising that network-based analyses are barely used in the BG literature (e.g., Maman 1999; Rocha 2012). The use of network analyses to understand BGs allows researchers not only to map the groups' structural dynamics but also unpack the network positions of affiliated firms to identify their respective power/influence within the group. Future research may then fully capture the determinants and outcomes of BGs' network structure, either through formal or informal connections.

6 | Conclusion

The literature on the corporate governance of BGs is comprehensive, covering a wide range of topics from BG affiliation's impact on various outcomes to the influence of BGs' strategic decisions and corporate governance practices. However, the extant empirical findings have not been consistent on what we should expect from BGs, likely due to the diversity of institutional contexts in which these studies are conducted. In this review essay, we have introduced a mechanism-based framework to analyze the relationship between various aspects of BGs' corporate governance and firm performance across different institutional environments, particularly distinguishing between advanced and emerging economies. Specifically, we have focused on the roles of BG ownership structure (including pyramidal ownership, ownership concentration, control–ownership wedge, and type of ultimate owner) and corporate leadership (i.e., boards of directors and TMTs) to explore how these factors influence BG performance differently depending on the level of institutional development.

Our review highlights the value of BG affiliation and the impact of BG corporate governance on affiliated firms, with robust evidence across various contexts. Despite extensive research covering multiple institutional settings and analytical approaches, our understanding of BGs globally remains incomplete and often inconsistent. Although the importance of BGs in the global economy is well documented, our literature review suggests that adopting a universal perspective on BGs is misleading due to their inherent diversity across different institutional environments. Our article contributes to the literature by revealing that certain mechanisms are universally applicable across many contexts, whereas others are effective only under specific institutional conditions. This underscores the need for scholars to pursue a more detailed and nuanced exploration and theorization of the corporate governance of BGs around the world.

Acknowledgments

We acknowledge the financial support of the Spanish Ministry of Science and Innovation (MCIN/AEI/10.13039/501100011033) project PID2020-115982RB-C21.

Conflicts of Interest

The authors declare no conflicts of interest.

Data Availability Statement

The data that support the findings of this study are available in the supplementary material of this article.

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Supporting Information

Additional supporting information can be found online in the Supporting Information section.

Appendix A

TABLE A1 | Existing literature syntheses on business groups.

Author(s)	Year	Journal	Title	Focus
Yiu, Lu, Bruton, and Hoskisson	2007	*Journal of Management Studies*	Business Groups: An Integrated Model to Focus Future Research	Builds a typology of BGs by integrating several theoretical perspectives explaining the existence of BGs
Yaprak and Karademir	2010	*International Marketing Review*	The Internationalization of Emerging Market Business Groups: An Integrated Literature Review	Critical review on the internationalization of BGs in emerging economies
Carney, Gedajlovic, Heugens, Van Essen, and Van Oosterhou	2011	*Academy of Management Journal*	Business Group Affiliation, Performance, Context, and Strategy: A Meta-Analysis	Meta-analysis identifying the factors influencing affiliate-level and group-level performance
Colli and Colpan	2016	*Corporate Governance: An International Review*	Business Groups and Corporate Governance: Review, Synthesis, and Extension	Summarizes research on the corporate governance of business groups
Carney, Van Essen, Estrin, and Shapiro	2017	*Multinational Business Review*	Business Group Prevalence and Impact Across Countries and Over Time: What Can We Learn From the Literature?	Meta-analysis exploring the effect of BG prevalence on the institutional development of countries
Holmes, Hoskisson, Kim, Wan, and Holcomb	2018	*Journal of World Business*	International Strategy and Business Groups: A Review and Future Research Agenda	Summarizes research on the implications of BGs for internationalization strategies
Lin, Nguyen, and Tran	2019	*Baltic Journal of Management*	Comparative Review of Business Group Affiliates and Firms' Performance: A Meta-Analysis Research	Compares the antecedents influencing the performance of BG affiliates and standalone firms in emerging economies
Aguilera, Crespí-Cladera, Infantes, and Pascual-Fuster	2020	*Journal of World Business*	Business Groups and Internationalization: Effective Identification and Future Agenda	Synthesizes research on the internationalization strategies of BGs
Solarino and Boyd	2020	*Corporate Governance: An International Review*	Are All Forms of Ownership Prone to Tunneling? A Meta-Analysis	Meta-analysis exploring the effect of ownership (including BGs) on tunneling
Dau, Morck, and Yeung	2021	*Journal of International Business Studies*	Business Groups and the Study of International Business: A Coasean Synthesis and Extension	Builds a unifying Coasean framework based to understand BGs
Aguilera, Federo, Pascual-Fuster, and Crespi-Cladera	2023	*Annals of Corporate Governance*	The Corporate Governance of Business Groups: What We Know and What Lies Ahead	Discusses the corporate governance dimensions of business groups

TABLE A2 | Summary of article publications per year.

Year	Number of articles	Percentage (%)
1988	1	0.33
1998	3	1.00
1999	1	0.33
2000	5	1.66
2001	5	1.66
2002	9	2.99
2003	8	2.66
2004	5	1.66
2005	8	2.66
2006	15	4.98
2007	11	3.65
2008	10	3.32
2009	14	4.65
2010	14	4.65
2011	10	3.32
2012	15	4.98
2013	12	3.99
2014	20	6.64
2015	20	6.64
2016	17	5.65
2017	13	4.32
2018	23	7.64
2019	19	6.31
2020	17	5.65
2021	21	6.98
2022	4	1.33
2023	1	0.33
Total	301	100