

VARIETY OF CAPITALISM AND OVERSEAS FAMILY BUSINESSES: INSIGHTS FROM THE CASE OF LEBANESE DIASPORA

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Abstract:

The emerging work on the internationalization of the family businesses suggests that family businesses in general tend to have low levels of internationalization when compared to their non-family counterparts. Here, we use the varieties of capitalism perspective and Parson's structural functionalism perspective to formulate a GILA framework for analyzing the development of the overseas family businesses (OFBs). The framework emphasizes the role of four functions – goal attainment, integration, latency, and adaptation, and shows how these functions are played by business system, family system, ethnic group system, and gender system in the context of the OFBs. We illustrate the framework using the empirical context of the internationalization history of Lebanese Diaspora businesses in West Africa since the late 19th century. Implications for further research are discussed.

Introduction

The emerging work on the internationalization of the family businesses suggests that the family businesses in general tend to have low levels of internationalization, compared to the non-family businesses (Graves & Thomas, 2005; Fernández & Nieto, 2005). The low internationalization of family businesses has been attributed to their pursuit of (at times) conflicting financial and non-financial objectives, their culture of conservatism, and reluctance to use external financial, human, and knowledge capital (Basly, 2007; Casillas & Acedo, 2005; Gallo & Sveen, 1991; Fernández & Nieto, 2005). Scholars have suggested that those family businesses with a more open strategic intent, allowing for the involvement of non-family members in management, leadership, and governance roles, and forming supplier, customer, and business partnerships with non co-ethnics, are more likely to pursue and be successful in internationalization (Naldi & Nordqvist, 2009; Graves & Thomas, 2008; Bonaglia, Goldstein, & Matthews,

2007). This work seeks to contribute to this body of literature by examining family businesses from a historical perspective. Specifically throughout history, many family enterprises have been drivers of international trade. This work focuses on uncovering the factors guiding the international development of one set of such family businesses: Lebanese diaspora businesses or what we refer to as Lebanese overseas family businesses (OFBs).

The research on the history of family business diaspora underlines two important factors. First, Familiness advantage: the early diaspora family businesses internationalized their trading activities through personal cross-border family-linked relationships and proximity in local markets. Through this, networks of trust between the local businesses and the international markets were created, enabling them to gradually diversify their commercial activities into related industries (Carney & Dieleman, 2008). Second, Outsider advantage: as outsiders, overseas family firms were uniquely adept in filling gaps in local markets, without being restrained by the local customs and were able to bridge different internally cohesive business clusters that had few links with one another (Bonacich, 1973).

The research on the diaspora family businesses has produced findings that somewhat contradict the insights from the recent research on family businesses. The diaspora research attributed the successful internationalization of the family businesses to their strong extended family linkages, while the recent research appears to identify extended family linkages to a culture of conservatism, and has put greater emphasis on the non-family linkages for enhanced scope and scale of internationalization of the family businesses (Naldi & Nordqvist, 2009). Similarly, the mainstream international business research suggests that the family businesses seeking to internationalize are likely to suffer from a liability of foreignness (Hymer, 1976), and this liability may be accentuated by the closed and non-transparent culture often associated with the family businesses

(Naldi & Nordqvist, 2009; Graves & Thomas, 2008; Bonaglia, Goldstein, & Matthews, 2007).

A possible missing factor to help reconcile the findings of the diaspora literature and of the business literature is the varieties of capitalism. In different times and different places, the local environments vary in terms of their support of the OFB investments. The differing local host environments are reflective of differing varieties of capitalism (Hall & Soskice, 2001). The differences and complementarities in the economic, social, and political systems across nations generate differing varieties of capitalism, which influence how businesses relate with the local environment. The OFBs interact dynamically with each variety of capitalism. Insofar as the host nation variety is adequate and supportive of overseas family businesses competing locally, familiness well as outsider advantages may accrue. If the national variety is inadequate or unsupportive, then the OFBs will suffer a liability of familiness and of being an outsider. In the latter case, incoherence with the national variety may be creative or destructive. Incoherence is destructive when the familiness and outsider liabilities are non-negotiable within the context of a national variety. Conversely, incoherence is creative when the OFBs are spurred to deviate from the national variety and negotiate creative solutions to the challenges of internal integration and external adaptation identified in the local market (Crouch, Schroder, & Voelzkow, 2009). Creative incoherence opportunities can position overseas family businesses as the champions of transformative change in the international communities, and make both familiness and outsider identity an advantage. For instance, an incoherent variety of capitalism may become supportive of the OFBs if such support allows the nation to gain sponsorship of the broader ethnic group within which these OFBs are embedded, and thereby to evolve into an open, diverse, multi-cultural, and cosmopolitan community. Alternatively, empowerment of women in the OFBs can bring diversity to the OFBs, and support emergence of a broader set of innovative solutions to gain advantage in the previously incoherent variety of capitalism.

The objective of this paper is to investigate the interaction between the OFBs and the local varieties of capitalism in determining the trajectory of overseas market entry and growth of the OFBs. We do this by reviewing the internationalization history of the Lebanese family businesses in West Africa, from the middle of the 19th century. The paper

concludes with a discussion of the implications for further research and for family business practitioners.

Varieties of Capitalism and Incoherence

The establishment and development of OFBs is closely related with the business environment of the regions they enter. The business environments differ in their variety of capitalism (Hall & Soskice, 2001). For instance, the Anglophone societies have liberal variety of capitalism, while the North European societies have a coordinated variety (Hall & Soskice, 2001). Latin American societies have a hierarchical variety, East Asian societies have a developmental variety, and Southern Europe has a hybrid variety (e.g. McMenamin, 2004; Schneider, 2009). The variety of capitalism influences organizational behavior. The coordinated variety encourages negotiated collaboration between the firms and institutions – for instance, vocational training institutions working with firms to build firm-specific skills. The liberal variety, on the other hand, promotes the mobility of employees, and vocational training institutions play more of a role in developing the skills of individuals rather than that of firms (Hall & Soskice, 2001). The variety of capitalism also intersects with other social behaviors, such as gender. Thus, women, being sensitive to the possibility of their temporary withdrawal from the labor market for attending to pregnancy and childcare responsibilities, tend to acquire more general skills, and therefore face both horizontal (in terms of job types) as well as vertical (in terms of fewer women at top) segregation in the coordinated variety (Estevez-Abe, 2005).

When family businesses that have roots in one variety of capitalism invest and set up a base overseas in a region that has a distinct variety of capitalism, they are in a situation of incoherence and experience two sets of cross-cultural management challenges. First, the challenge of internal integration – i.e. how to keep their identity, remain connected with the extended family links, and leverage the advantages associated with their familiness. Second, the challenge of external adaptation – i.e. how to adapt to the situation of being an outsider in a different cultural system that has its own variety of capitalism. The significance of the twin challenges of internal integration and external adaptation has been widely researched in both social capital (Woolcock, 1991) as well as organizational () literatures.

The tactics for managing the twin challenges are likely a function of the type of incoherence. If the incoherence is destructive, then the overseas family businesses will suffer liabilities of familiness

and of being an outsider. In order to succeed and offset these liabilities, they need to make compensating investments, such as by building a broader ethnic base for themselves locally and/or taking political, philanthropic, and other steps to be able to operate as an insider. For instance, Gupta (2010) discusses the case of Latino OFBs in the USA. Historically, Latino OFBs experienced significant liabilities in the liberal Anglo variety of capitalism in the USA. They tended to focus primarily on the co-ethnic community – in terms of vendors, partners, and customers. Yet, the ease of entry for the Latino OFBs made this familiness a liability. While most Latino OFBs still remain in the less profitable strategic groups, with depressed profitability and precarious learning, a few have been able to break out to break out of the conclave economies to search for a better quality of life and safer, less violent, options. They have done so by representing their interests and face in the host nation under a pan-Hispanic identity – an identity that did not exist earlier (Gupta, 2010).

The state of incoherence is a dynamic force. As suggested by the cross-cultural literature, deep interaction among players rooted in differing varieties of capitalism can enhance the acceptance and endorsement of alternative varieties of capitalism. Thus, the incoherence may over time transform from being destructive to being creative. The transformation of incoherence is illustrated well in Gupta's (2010) baseline model of OFBs that is based on the historical experiences of Asian OFBs. In this model, most first generation OFBs operate as value-mediators – intermediating between co-ethnic and non-ethnic communities. Many are motivated to enter the market even with a negative value-added, in the face of limited financial, social, and other kinds of capital. Co-ethnic wives absorb much of this negative value-added as unpaid workers, and assist the male immigrant entrepreneur to manage both front and back office operations. The goal is to leverage this experience to break out to become higher value-adding value shops. The OFBs do so by diversifying or moving into manufacturing and services, especially in areas of low competition. They begin offering differentiated, customized, and personalized services, and solutions that add more value to the society. The extended members of the family are invited and fill most leadership roles. Over time, some OFBs may even become value transnational, by forging international linkages that help to push out the value-added frontier, aiding accelerated sustainable

development of the host economy. Many of these successful OFBs include women to manage the greater challenges of managing the global landscape and the need for a more diverse set of skills and resources while connecting globally (Gupta, 2010). Based on the above factors, we underline four factors in the ability of an OFB to manage differences in the varieties of capitalism: (1) Managing internal integration challenge through the family system, (2) Managing external adaptation challenge through the business system, (3) Compensating the destructive incoherence liability through integration with the ethnic group system, (4) Enabling the creative incoherence advantage and transcending the resource management limitations using the gender system.

The well-known AGIL framework (Parsons, 1970) in the field of sociology offers a useful starting point to conceptualize these factors. Parsons (1970) analyzed four types of functions that all organizations must perform in order for them to persist, and classified them into intrinsic and extrinsic challenges, and strategic and tactical functions. The two types of intrinsic challenges are integrating the sub-units for maintaining coordination and solidarity, and integrating the unit as a whole. The latter is termed as latency – i.e. creating, preserving, and transmitting the distinctive culture, and is the pattern maintenance and sustenance function for supporting overall integration. For the OFBs, the first type of integration may be identified with the family system, and the second type with the ethnic group system within which the family roots lie. Two types of extrinsic challenges are: adaptation to the resource management challenges, and adaptation to environmental challenges for settling, implementing, and attaining goals. In case of OFBs, gender system helps address the critical resource management challenge in the area of human resources, and business system helps address the challenge of adapting to the environment to support goal attainment.

In the literature, the AGIL framework has been mostly used within the context of structural functionalism theory, to explain the persistence and functionality of entrenched structures (Adams and Sydnie, 2001). In the original framework, the challenges of integration and goal attainment are deemed to be tactical in nature, while those of latency and adaptation are seen to be strategic – and of dominating significance (Talcons, 1970). However, within the historical context of OFBs, one can find significant structural changes over a period of time,

including the role and the positions of the family, business, gender, and ethnic group systems. The strategic functions are integration and goal attainment, while latency and adaptation functions are secondary and tactical. The primary focus thus shifts from adaptation “A” as in the AGIL framework to goal attainment “G” in what may be referred to as GILA framework (See Table 1).

Table 1: GILA framework for managing varieties of capitalism by OFBs

Operational Measures

For the varieties of capitalism construct to be meaningful for studying OFBs in a particular region, we need an operational measure that is sensitive to inter-temporal development. For instance, while the core variety of capitalism in the US has remained liberal for decades, the OFBs do not necessarily find the US variety to be supportive always. As noted earlier, the Latino OFBs have used various strategies and tactics to create a more supportive space for themselves in the US market over the years (Gupta, 2010).

From an inter-temporal developmental perspective, we classify varieties of capitalism into two categories: contingent and cosmopolitan. In the contingent variety of capitalism, compensating investment is a key contingency for accessing local resources and markets – because of either the institutional factors (institutions restrict access unless there is some compensating investment) or the endowment factors (endowments are highly specialized, and can be accessed only through compensating investments). In the cosmopolitan variety of capitalism, local resources and markets are globally connected, and compensating investment does not influence the terms of access – because either the institutions foster liberal mobility and/or the endowments are general and mobile.

In the GILA framework, two types of compensating investment are pertinent – linkages with the ethnic group to sustain the strategic effectiveness of the family business, and gender inclusion that alleviates the resource challenges to breaking out and taking on higher value added opportunities locally and globally. These compensating investments occur within the context of the two strategic factors: family as an integrating entity that cultivates and leverages familiness advantage of the family business, and business as a goal-oriented environment management entity that navigates the outsider advantage.

Next, we use the modern history of the

Lebanese OFBs in West Africa as the empirical context for analyzing the GILA framework. There are three rationales for selecting this empirical context. First, Lebanese OFBs have their origins in little or no economic resources, and became and remain successful despite their modest origins. Today’s Lebanese OFBs are largely a by-product of events during the late 19th century, when low-income group Lebanese began migrating in large numbers to West Africa and establishing OFBs. Second, Lebanese are known for their strong family and ethnic bonds, and were in a position of strength for developing and exploiting familiness advantage. Third, Lebanese are also known for maintaining their distinct identities even after decades of settlement in the host nations, and thus were capable of sustaining their outsider advantage. Thus, the case of the Lebanese OFBs is a classic example that has shaped the diaspora literature. A fresh analysis of this case can help highlight the nature and extent of liabilities faced by the Lebanese OFBs in West Africa, and the tactics deployed for managing these liabilities. That can help complement the contemporary family business perspectives on the limitations facing family businesses in the internationalization process.

Empirical Study of the Lebanese OFBs

In the middle of the 19th century, Lebanese – mostly from low-income families – began migrating in large numbers to the US, Brazil and Egypt (Boumedouha, 1995). Towards the end of the 19th century, the US strengthened the health requirements for immigration. Many Lebanese suffering from an infectious eye disease were disqualified, and the others were forced to spend more time in the transit port of Marseilles waiting for health clearance and running out of transit money. They began migrating to the French colonies in West Africa, with some aggressive and unscrupulous marketing by the French colonial shipping companies (Winder, 1962). The first generation of immigrants rented huts from the Africans, and started peddling cheap items, such as imitation coral beads and bazaar textiles, on small boxes sitting at the street corners. They reinvested earnings to open small shops, where they sold imported French products to the local Africans at prices below the competing French retail stores (Anonymous, 1905). These patterns were similar to those of the Lebanese in the US at the time (Berger, 1959).

Unlike the French traders who kept a distance from the local population, the Lebanese learnt multiple local languages to strengthen and expand

their networks and business opportunities. They were able to bargain the purchase of rubber, groundnut, palm oil, and other commodities from the Africans on better terms than the French business houses, and became monopolizing middlemen for exports to large European companies in product after product, region after region. With each success, they attracted additional family members and co-ethnics to form a network of family businesses. The second wave of new arrivals were “usually friends or relatives of their predecessors, who helped them get started by employing them or staking them in a new territory” (Winder, 1962: 301).

As the link between the major French companies operating on the coast, and the African farmers of the hinterland, Lebanese OFBs took advances and imported inputs from the French companies, and delivered them to the African producers taking finished products in exchange. By the time local French companies retaliated with tactics such as delaying payments, many Lebanese OFBs had generated sufficient capital to be able to deal directly with France-based companies (Anonymous, 1905). They began importing, wholesaling, and retailing European consumer products – especially textiles — to the African consumers in the urban and rural areas (Winder, 1962). In many towns, the Lebanese OFBs employed models to parade the streets the latest status-giving fashion textiles from Holland and England.

During the First World War, when many French and African traders were engaged in war efforts, the Lebanese OFBs expanded rapidly (Boumedouha, 1995). European businesses were threatened by the expansion of the Lebanese OFBs; however, the latter maneuvered the landscape by strategically offering donations to high-level French administrators, and building recognition among the elites for their unique economic role not filled by the Europeans. However, their hoarding of essential commodities, such as rice, caused African backlash and violent attacks and looting. To gain local support, they made charitable donations, often raised at evening social events attended by wealthy Lebanese business families, for the high profile local community causes such as resettling repatriated Africans and sponsoring festivals and celebrations (Winder, 1962). By the late 1920s, rising prosperity allowed the Lebanese OFBs to diversify into acquiring lorries for transportation. For instance, the Khoury family monopolized the distribution of fuel to Shell gas stations, and the transport of groundnuts.

In the early years, Lebanese immigrants were mostly single men, who married local African women, thereby gaining linguistic and cultural proficiency. With sufficient income, Lebanese men began divorcing their African wives, to bring a Lebanese wife into Africa. However, they continued to employ African nurses to take care of the young children. The prosperous Lebanese sent their children to Lebanon or the West for secondary and higher schooling. In a typical Lebanese OFB, the husband, wife and the children were all employed (Winder, 1962).

The Second World War, and its aftermath, offered fresh opportunities for diversification. As the remittance of foreign exchange to Lebanon became difficult, Lebanese OFBs accumulated surplus funds. To use these funds, and to protect supplies during the War, they started investing in the real estate and manufacturing sectors in Africa, starting with textile mills. In some cities and in many villages, Lebanese OFBs built and owned a large percentage of all commercial real estate and housing units. Know-how and other resources were secured from the co-ethnic networks internationally, including Lebanese diaspora in Brazil and Egypt (Labaki, 2006). After the War, recognizing the local criticisms that the Lebanese still remained foreigners, the West African national governments forced the Lebanese to give up any foreign nationality, and to take up the nationality of only their African country of residence if they wanted to continue to live there and retain their family businesses (Bakewell, 2008).

The fall of the European international trading companies helped Lebanese OFBs to penetrate export/import trade, road transportation business, and agro-processing industrial units in the urban areas. The Lebanese OFBs tapped their international and local networks, the patronage of local politicians, easy credit from the government-mediated and foreign banks, and re-lending activities to the local Africans based on superior risk management. They diversified into many industries such as “furniture, garment, metal assembly, transport, sawing, candy and cookie, soft drink, luggage, ice, perfume, ivory, cosmetic, mineral water, and cigarette.” (Winder, 1962: 311) They also dominated services such as pharmacies, hotels, fast food, restaurants, gas stations, insurance, real estate, and banks. By the 1950s, Lebanese OFBs controlled 60 percent of the wholesale, and retail, market in many West African nations, and monopolized several product-markets (Winder, 1962). For instance, Choucair family controlled 40% of Senegalese market

for blankets and floorcloths, while Fakhry family monopolized production and exports of soaps in Senegal (Boumedouha, 1995)

Because of their critical economic presence, Lebanese family businesses remained a target of discontent of the African masses. They were also criticized for circumventing local laws of price and trade regulation, making political donations, and keeping invisible behind-the-scenes political control. Many Lebanese business families also continued to maintain strong emotional ties with Lebanon, and repatriated significant funds there (Winder, 1962; Afrique, 2009). Although the newer generation of locally born and raised successors identified themselves as Africans, they married almost exclusively with the co-ethnics. Their strategic focus on domains outside the reach of African businesses did help counter these criticisms, yet they faced rising competition from small, informal and often contraband African traders and strong Africanization sentiments. Therefore, during the 1960s and early 1970s, Lebanese OFBs withdrew from the rural interiors in most African nations to refocus on urban and international markets (Boumedouha, 1995). Lebanese family shops in the rural interiors had a general orientation, selling a range of products. But in urban and international markets, many Lebanese businesses specialized in specific products, thereby gaining an added advantage (Bierthwirth, 1999).

Several Lebanese family businesses invited additional family members in a third wave of migration from Lebanon during its 1975-90 Civil War. This resulted in accentuated calls from African governments for more investments and employment of Africans. Though criticized for low wages and poor working conditions, Lebanese OFBs employed a large number of Africans in their diversified operations. Unable to remit to the Lebanese in the Civil War time, they used surpluses from their commercial activities to heavily invest into manufacturing, including the acquisition of stagnating local European and American units at heavily discounted prices. Many also expanded into other nations in the region to exploit new opportunities or to avoid discrimination or new trade restrictions by specific local governments. They gained 50% share of the manufacturing enterprises in many nations by 1990, and dominated regional and export markets in those products (Bierthwirth, 1999).

The Lebanese Civil War also encouraged several Lebanese OFBs from the Arab oil producing countries to redirect their remittances to make key

investments in real estate in West Africa. Many mid-sized Lebanese OFBs from the Arab region established operations in the field of trade (textiles, supermarkets). Those doing contracting business in the Arab nations set up related enterprises in engineering, construction and public works (Labaki, 2006). Many new Lebanese migrants also arrived, starting as wage earners in co-ethnic enterprises, and then moving to set up a small family business, frequently in the construction, transport, retail trade, and various services activities (Labaki, 2006). Unlike the established Lebanese OFBs, they lacked political connections and engaged in tax evasion and other practices. The local governments responded by reenacting controls over the Lebanese OFBs (Bierthwirth, 1999). In this backdrop, after 1975, and especially since 1991, some of the wealthiest West Africa-based Lebanese business families migrated to the Western and Eastern Europe, Americas and Australia, where the diaspora enjoyed more political power (Labaki, 2006). These markets offered Lebanese OFBs opportunities to make strides in the new generation sectors such as information technology.

Discussion

The empirical study demonstrates that in the early years, Lebanese OFBs enjoyed cosmopolitan variety of capitalism in West Africa.

The outsider advantage was core to the early success of the Lebanese OFBs. As outsiders, Lebanese OFBs were able to build linkages both with the local Africans as well as with the European traders. Their marriage with local women helped in acquiring local cultural and linguistic proficiency. Their local linkages allowed them to intermediate the trade with first locally based European firms, and subsequently directly with the Europe-based firms who lacked direct local investments in West Africa. As they established control over local trade in different markets, they remarried with Lebanese women. They patronized European administrators on the one hand, and local governments and community charities on the other, to help suppress criticism against their rising economic prosperity and power.

To further their growth, Lebanese OFBs cultivated and leveraged their familiness advantage. Using resources and opportunities mobilized through extended family networks as far as in Brazil, they diversified their investments into real estate and manufacturing units. After the fall of the European colonial rule, they displaced European trading

companies and used credit from the local public sector banks to expand into international trade, road transportation, and agro-processing and metal-based industrial units in a wide range of products, especially in urban areas. Many Arab-based Lebanese OFBs were also attracted to diversify their operations into the region, and many new migrants arrived directly from Lebanon to learn and start business.

In the early years, the Lebanese had no local base and resources in West Africa, and had to look for opportunities where Europeans had not yet penetrated. The Europeans had little psychological investment in West Africa, allowing the Lebanese OFBs to monopolize trade – first locally and then globally – in product after product, region after region, even with small investments in developing local reach. And once the Europeans lost the colonial backing, Lebanese OFBs were able to acquire European manufacturing units in a range of industries at low costs, and to diversify into other nations of the region. Their prosperity attracted other Lebanese OFBs from Arab nations, in addition to the new immigrants from Lebanon.

In this formative period, the variety of capitalism was largely cosmopolitan, as they offered first a value mediation role and later a value shop role that was valued in the host society. Yet, within the realm of cosmopolitanism, there were hidden elements of contingencies. These elements came to surface with the rising dominance of their ethnic community. The Lebanese OFBs were criticized for unethical and opaque business practices, for their continued strong ethnic ties, and for their insufficient psychological investment in the local community. Their children – nursed by local women – identified themselves as Africans, but continued to marry only with co-ethnics and to maintain co-ethnic ties. Thus, the hidden compensating role of the co-ethnic networks and connection with African women was important to the success of the Lebanese OFBs.

With rising criticism contingency, the Lebanese OFBs adopted an accommodation response of (1) withdrawing from the limited opportunity areas of potentially greater contingencies and (2) moving into bigger opportunity areas of potentially fewer contingencies. On the one hand, they withdrew from the rural interiors, giving space to the small African businesses. On the other hand, they took over struggling European manufacturing units, becoming employers of a large number of local Africans, and expanded into other more cosmopolitan nations of the region. Many wealthiest business families, facing

strongest contingencies, even migrated to exploit new opportunities outside Africa where their ethnic community enjoyed greater political support and social legitimacy.

Based on the above, the case of Lebanese OFBs can be analyzed using the four factors in the GILA framework.

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

Integration and Family System: Family and extended family links were important integrating mechanisms in the identity and development of the

Lebanese OFBs. Family workers, knowledge, contacts, and trust was crucial to the success of the Lebanese OFBs. Members of the extended family, including co-ethnics from Lebanon in different nations, helped lead geographical and product diversification. They strengthened their dominant power in specific markets by controlling manufacturing, trading, wholesaling, retailing, financing, as well as logistics. As they accumulated sufficient wealth, they strived to send their children for schooling and higher education to the major regional centers or to the West, in order to gain modern knowledge and then to apply that to the family business. In some cases, wealthier business families or their children migrated to the Western nations, or to other nations in the region.

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

Adaptation and Gender: The Lebanese OFBs used gender system as an important and

creative adaptation tactic. The OFBs were set up by the male entrepreneurs, individually or with their male relatives. In the formative years, they married local African women, and took their help to cultivate deeper local contacts and expertise. In the subsequent years, Lebanese families hired African women to nurse their children in the formative ages, and for the local acculturation of their children. Yet, children were socialized into the strong ethnic identity of the Lebanese, and that helped sustain the familiness and the outsider advantages of the Lebanese OFBs.

Implications for Further Research and Practice

The diaspora experiences have several practical implications for the modern-day family businesses. First, the internationalization of a family business is likely to also precipitate co-internationalization of co-ethnic family businesses, and require appropriate strategies pertaining to the involvement of immediate and extended family members and of co-ethnics, of the interface with the local institutions and the ethnic community, and of the role of gender in leadership. Second, family businesses should assess the gaps in market relationships between the professional multinationals and the local enterprises, and how their family-oriented competencies may help them effectively fill this gap and allow a robust growth platform in local markets. Third, though the recent research has underlined the importance of non-family linkages (Naldi & Nordqvist, 2009), the diaspora experiences show that family businesses have opportunities to use not only market but also kinship, co-ethnic, institutional, and gender links in expanding their operations overseas. Strategic planning should include an assessment of all these approaches, and use these simultaneously or sequentially to support greatest success.

One major limitation of the present research is its focus on the historical context, and on a single case of the Lebanese OFBs. Additional research is needed to further enrich the analysis presented here. To illustrate, it is possible that the four factors in the GILA framework constitute distinct pathways for the internationalization of the family businesses, and any or all play strategic or tactical role in different contexts. For instance, the present research has underlined the contemporary family business literature's focus on the role of non-family resources and alliances, and how that indicates an internationalization pathway where business system is dominant and strategic. Conversely, the diaspora

research has focused on the migration of the family members, and that reflects the dominant and strategic role of the family system. However, one can conceive situations where ethnic group and gender systems might also play dominant and strategic roles. Ethnic group system pathway may become strategic, for instance, when choosing specific host nations, and in the interface with other nations in the region or globally. Finally, the gender system pathway may become strategic during the periods of inflection, when women are often involved as co-preneurs to help research and develop new opportunities. Changing social attitudes, improved safety and security, and education and mobility of women might also strengthen the gender pathway (Catalyst, 2000). In different conditions, the mutual relationship amongst the four pathways may differ – making them complementary, sequential or alternative pathways to internationalization. For instance, the women’s involvement in the internationalization of a family business may strengthen because of the family factors (lack of sufficient male members), the ethnic group factors (interacting with the ethnic community and local institutions to advance women), and/or the business factors (competencies of women and the changing demands of the local or global market).

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Table 1:
GILA framework for managing varieties of capitalism by OFBs

| | Intrinsic challenges | Extrinsic challenges |
|------------------------------|---------------------------------------|---|
| Strategic orientation | Integration Family System | Goal-attainment Business System |
| Tactical orientation | Latency Ethnic group System | Adaptation Gender System |