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Staying in or stepping out? Growth strategies of second-generation immigrant entrepreneurs

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ABSTRACT

Second generation immigrant entrepreneurs (SGIEs) in developed economies have contributed to the emergence of new areas of business activity, especially in information technology, business services, and creative industries. An understanding of their growth strategies can shed light on the role of individual immigrants in the founding of potentially global firms competing with large multinational enterprises. Based on eleven case studies of SGIEs of Indian origin in the UK, our findings reveal that SGIEs are heterogeneous in their growth strategies contingent on their a) founding or succession context, and b) use of social ties. Founder SGIEs combining non-co-ethnic ties with non-family co-ethnic ties geographically expand outward to other foreign countries, including their country of origin. In contrast, successor SGIEs combining non-co-ethnic ties with family ties expand their product/service scope within the UK; they exploit foreign market links, including their country of origin, to source supplies or customers through inward internationalization. These findings contribute to the immigrant entrepreneurship, international business and international entrepreneurship literatures.

1. Introduction

Small firms are availing themselves of opportunities in a growing number of world markets. The role of immigrant entrepreneurs in the rapid growth of new and small firms is increasingly recognized (Bzowski, Ceculelli, & Surdej, 2014). According to the Wall Street Journal, about one-fourth of all technology and engineering companies started in the United States (US) between 2006 and 2012 had at least one immigrant founder (Koh, 2016). In the United Kingdom (UK), 49 per cent of the 100 fastest growing start-ups have at least one immigrant co-founder (The Entrepreneurs’ Network, 2021). Employing 12.8 million people worldwide, immigrant-founded firms accounted for $5.3 trillion in global revenue in 2016. Despite the high prevalence of immigrant entrepreneurship, the phenomenon is understudied (Terjesen, Hessels, & Li, 2016).

Firms achieve growth by launching new products, crossing country borders, or both (Kylaheiko, Jantunen, Puumalainen, Saarenketo, & Tuppura, 2011). Whereas inward involvement is the import of products or services, or attraction of foreign customers, into the country where the entrepreneur is based, outward involvement refers to entering foreign markets using one or more entry strategies (Graves & Thomas, 2008; Zeng, Xie, Tam, & Wan, 2008). Immigrant entrepreneurs have unique human and social capital resources that in turn have implications for growth of their ventures (Jiang, Yang, Pei, & Wang, 2016; Zolin & Schlosser, 2013). Unlike native entrepreneurs, immigrant entrepreneurs can combine resources and identify opportunities in different countries. Links with their country of origin (CoO) give them natural competitive advantages in pursuing early outward internationalization. However, immigrant entrepreneurs are heterogeneous in their characteristics and resources, which has implications for their strategies (Chababi, Chreim, & Spence, 2017).

As immigrants’ children or grandchildren born in the country of residence (CoR), as well as those who have entered their CoR as children, who become entrepreneurs (Carbonell, Hernandez, & García, 2011; Rusinovic, 2008), second generation immigrant entrepreneurs (SGIEs) represent a significant proportion of immigrant entrepreneurs in some communities. In comparison with their first-generation counterparts, the second generation is more engaged in new areas of immigrant business activity, especially in information technology and creative industries (Baycan-Levent, Sahin, & Nijkamp, 2012). A surprising 86 per cent of immigrant-owned firms in the US with at least $1 million in annual revenues is owned by millennials (under age 34) who came to the
US as children. In 2017, 43 per cent of the largest Fortune 500 companies were founded or co-founded by an immigrant or child of an immigrant (Koh, 2016).

Compared to their first-generation counterparts, SGIEs are distinct in their assessment of risk and political-legal environment in the CoR, which has implications for their growth strategies. First-generation immigrant entrepreneurs experience much more acutely the challenges of immigration and integration than their second-generation counterparts (Chababi et al., 2017; Rusinovic, 2008; Soydas & Aleti, 2015). Their pre-migration context and experiences strongly influence their post-migration entrepreneurial process in the CoR. Due to the ‘double risk factor’ of both integrating and starting up in a new environment, they are more likely to adopt growth strategies focused on their co-ethnic community. Raised in the CoR, SGIEs, in contrast, are more integrated with the CoR (Masurel & Nijkamp, 2004). They have a better understanding of the business environment and are more open to taking risks. Thus, they may be more strongly motivated to leverage their human and social capital in a broader range of product and geographic markets (Beckers & Blumberg, 2013; Benito-Osorio, Collino, Fernández-Martín, & Zúñiga-Vicente, 2020). They may also venture outside of their co-ethnic community, and even CoR, right from the beginning (McPherson, 2007; Rusinovic, 2008). At the same time, however, the weakening of connection with the CoO might restrict outward growth of their ventures (Jiang et al., 2016).

Other studies suggest that successive generations are top candidates for taking over family businesses from previous generations (Buckanivala, Wright, & Ram, 2001). On the one hand, successor SGIEs with new ideas, education and international vision may be able to obtain resources for internationalization, leading their firms to new geographic markets (Fernández & Nieto, 2005). On the other hand, they may remain highly dependent on strong family and co-ethnic networks (Dhaliwal & Kangis, 2006), which might limit the geographic scope of their ventures (López-Cozar-Navarro, Benito-Hernández & Platero-Jaime, 2017).

Foreign-born founders’ connection with their CoO plays an important role in the formation and performance of international new ventures (INVs) (Jiang, Jiang, Sheng, & Wang, 2021; Oviatt & McDougall, 1994). An understanding of SGIEs’ growth strategies can shed light on the role of individual immigrant entrepreneurs in the founding of INVs and potentially global firms competing with large multinational enterprises. Therefore, we ask the following research questions: What strategies do SGIEs pursue to grow their ventures and why? To what extent does SGIEs’ link with their CoO influence their growth strategies?

We explore these questions for SGIEs of Indian origin in the UK. One in seven ventures created in the UK is owned by immigrant entrepreneurs (The Financial Times, 2021). The UK is among the three largest receiving countries for Asian migrants in the world (Fairlie & Robb, 2010; Kerr & Kerr, 2016), South Asians being nearly twice as likely to be business owners as compared to their native counterparts (Hart, Richardson, Tortoriello, & Tullett, 2017; Kerr & Kerr, 2016). Originating from one of the largest source countries in terms of number of skilled migrants to OECD countries, Indian immigrants in the UK have diversified into knowledge-based sectors of the economy (Fairlie & Robb, 2010). UK’s immigration policies over the past five decades have shifted towards family reunification, which is suggestive of the presence of multiple generations of immigrants in the country. Second generation Asian immigrants in the UK are more successful in education than their parents, as well as the native population, which has implications for Indian SGIEs’ engagement in high-growth entrepreneurship (Gudmundsson, 2013; Moedood, 2004; 2005). Studies have explored SGIEs of Turkish (Soydas & Aleti, 2015) and Lebanese (Chababi et al., 2017) origin in developed countries. Although immigrants of Indian origin in the UK have been previously researched, reference to Indian SGIEs is mainly in the context of the enclave economy or succession in family firms (Bachkaniwala et al., 2001; Janjuha-Jivraj & Woods, 2002).

Our findings extend immigrant entrepreneurship literature, the vast majority of which relates to aspects of the first-generation immigrant experience (Soydas & Aleti, 2015). In incorporating the individual in international business (IB) research that is otherwise preoccupied with the firm level of analysis, and in drawing attention to the role of individual founders in the growth of new and small firms (Zucchella, 2021), we also contribute to the international business and international entrepreneurship literatures.

The structure of the paper is as follows. We review the literature on small firms’ and immigrant entrepreneurs’ growth strategies in Sections 2 and 3, respectively. We explain our methodology in Section 4 and present our findings in Section 5. In Section 6, we discuss the findings and outline their implications for theory and practice.

2. Small firms’ growth strategies

Internationalization is the process of increasing involvement and/or commitment to foreign markets (Andersen, 1997; Johanson & Vahlne, 1977; 2009). The term internationalization describes inward and outward involvement in international operations. Inward operations pertain to obtaining inputs from foreign markets to the domestic market where the firm is located (Hernández & Nieto, 2016; Welch, Benito, & Petersen, 2007). In some industries (e.g., consumer services), inward internationalization means attracting customers from abroad so that they consume a particular product/service in the provider’s country where the product/service is located (Bianchi, 2011; Björkman & Kock, 1997). Outward internationalization involves engagement in geographic diversification (Hernández & Nieto, 2016). Geographic diversification is growth from a single location to several locations while retaining the same ownership structure. Firms also grow through product-based strategies. Product diversification is the entry of firms into new businesses, or introduction of innovative new products or services (Kyläheiko et al., 2011). Whereas related diversification means tapping a common pool of resources for multiple related businesses, unrelated diversification involves business units in different industries (Li, Qian, & Qian, 2012). By exploiting synergies between related product lines, small firms growing via geographic diversification can reap the benefits of a related product diversification strategy to improve performance.

The international entrepreneurship literature highlights the role of enterprising individuals as key actors in internationalization (Zucchella, 2021). Enterprising individuals are focal in establishing new firms as well as rejuvenating existing ones. They can be entrepreneurial in many different ways and in multiple contexts (Bosma & Kelley, 2018). Some individuals start from the ground up, identifying innovative new business opportunities and acquiring necessary resources to develop them from scratch. Others buy an existing company, secure licensing or franchising rights, or even inherit a company. For the purpose of this paper, we focus on independent founding, and succession, contexts in the CoR. Whereas the former includes starting from scratch or buying a company, the latter refers to inheriting a family business. Being a family business typically means majority share ownership and involvement by members of a single dominant family related by blood or marriage, and ownership transition to later generations (Churchill & Hatten, 1987; Cromie, Stephenson, & Monteith, 1995; Daily & Dollinger, 1991).

Particularly influential in shaping strategy are entrepreneurs’ social networks. Social networks are the pattern of relationships or set of links between individuals, groups or organizations (Jack, 2005). A network is a social structure that is greater than the sum of its parts. The actors in social networks are called ‘nodes’ and links between them are known as ‘ties’ (Oviatt & McDougall, 2005). According to network theory, internationalization is related to the development of ties with actors belonging to a network in foreign markets (Loane & Bell, 2006; Ojala, 2009). Whereas personal ties refer to relationships with family and friends, professional or business ties are links with agents or partners developed in a professional setting (O’Donnell, Gilmore, Cummins & Carson, 2001). Business ties include suppliers, distributors, banks,
customers, and government. We define non-family ties to include personal ties with friends and business ties outside of family. As social ties of entrepreneurs can significantly lever internationalization activities, network models play an important role within the field of international entrepreneurship (Coviello, 2006). We draw on this integrated framework of international entrepreneurship and social network theory to explore our research questions.

We focus on outward internationalization. Outward internationalization opens doors to new markets, which provides opportunities for the accumulation and transfer of knowledge, and hence improvements in performance. Traditionally, internationalization among small firms has been synonymous with, and limited to, exporting or selling across national borders via domestic or overseas-based intermediaries (Ellis, 2000; 2011). Exporting remains the most popular entry mode for family businesses (Pukall & Calabro, 2014). Due to perceived threat to their independence, family businesses avoid sharing control through strategic alliances and joint ventures. At the same time, however, small firms are increasingly using a variety of advanced entry modes such as alliances, direct investment, and even franchising, to penetrate foreign markets (Ibely, Johnson, Dimitratos, & Slow, 2004; Laufs & Schwens, 2014).

While technological advancements have led to dramatic improvements in small firms’ capabilities, entrepreneurs have become more sophisticated in their appreciation of a wide range of foreign market entry options. The use of advanced entry modes is especially true of rapidly growing small firms targeting potentially global markets (Jiang et al., 2021; Jiang et al., 2016). We consider outward internationalization through exporting as well as more advanced entry modes such as alliances and foreign direct investment.

Outward internationalization is especially attractive to small firms (Hernández & Nieto, 2016). Small firms that overcome their resource limitations achieve high levels of geographic diversification (Benito-Osorio et al., 2020). Entry into many foreign markets also spreads costs and benefits from product diversification, especially in knowledge intensive industries (Li et al., 2012). Cross-border growth allows family firms to strategically revitalize. However, there is no consensus on the effect of family ownership on outward internationalization (Pukall & Calabro, 2014). According to some studies, alignment of ownership and control fosters trust that encourages long term investment and pursuit of risky internationalization activities (Pukall & Calabro, 2014; Zahra, 2003). Others find a non-linear (Sciascia, Mazzola, Astrachan, & Pieper, 2012) or negative effect (Fernández & Nieto, 2005). Family firms are less prone and slower to internationalize than their non-family counterparts due to conservative behavior (Donckels & Fröhlich, 1991; Flören, 2001) and potential for conflict (Gallo & Estape’, 2002; Okorocha, 1999). The lack of managerial capabilities and foreign market information (Graves & Thomas, 2006), product orientation, and technological inadequacies (Gallo & Pont, 1996), deter risky investments.

2.1. Role of social networks in internationalization

The literature widely explores entrepreneurs’ social networks in internationalization (Chetty & Agndal, 2008; Coviello & Munro, 1997; Coviello & Munro, 1995; Ellis, 2011; Ellis, 2000; Loane & Bell, 2006; Ojala, 2009; Tang, 2011). Social ties provide social capital, or actual and potential resources embedded within, available through, and derived from social networks (Nahapiet & Ghoshal, 1998). Social capital influences entrepreneurs’ ability to grow (Aldrich & Zimmer, 1986; Chetty & Agndal, 2008; Dubini & Aldrich, 199). Established with a range of actors, social ties enable access to internationalization opportunities (Baum, Schwens, & Kabst, 2013; Brouthers, Geisser, & Rothlauf, 2016; Ellis, 2000). Entrepreneurs visit agents or partners abroad to build relationships, access information, and recruit customers. Such relationships mitigate risks.

Entrepreneurs engage with networks at many levels, leveraging ties that are of use and building new ties when required. Proactive tie formation, and social capital obtained, is particularly useful to the international growth of high-tech start-ups (Kontinen & Ojala, 2011; Loane & Bell, 2006; Presutti, Boari, & Fratocchi, 2007). Coviello and Munro (1997) find that social capital from network relationships facilitates product development and geographic diversification in small software firms. In their study of Finnish knowledge-intensive small firms, Ojala (2009) reports that entrepreneurs use both existing and new relationships to enter psychically distant markets. Sometimes these efforts are mediated by government agencies.

Social ties also support family firms to identify foreign opportunities or access overseas customers (Tasavori, Zaeefarian, & Eng, 2018; Zaeefarian, Eng, & Tasavori, 2016). Family SMEs are less likely to network with other businesses (Kontinen & Ojala, 2011). However, family capital hinders the flow of information and blocks new contacts, interfering with rapid internationalization (Baum et al., 2013; Brouthers et al., 2016; Musteen, Francis, & Datta, 2010). Regional orientation due to the presence of local personal ties results in local, rather than foreign, investments (Pukall & Calabro, 2014).

Altogether, small firm internationalization is widely explored in the IB literature. Research is mainly focused on outward internationalization or foreign market entry from a social capital perspective. Small firms are highly diverse in decision makers’ characteristics and ownership structure, which has implications for their internationalization. The heterogeneity of family-owned firms based on generational diversity of entrepreneurs, and hence the uniqueness of second generation entrepreneurs’ social capital relative to that of their parents, implies further differences in growth paths within the population of these firms (Mitter, Duller, Feldbauer-Durstmüller, & Kraus, 2014; Segaro, Larimo, & Jones, 2014). The growth implications of generational diversity may be especially pronounced in immigrant-owned family businesses that are distinct by virtue of entrepreneurs’ CoO link as compared to their native-owned counterparts. Below, we review evidence related to both first- and second-generation immigrant entrepreneurs’ growth strategies.

3. Immigrant entrepreneurs’ growth strategies

Both immigrant and international entrepreneurship research streams have investigated immigrant entrepreneurs’ exploitation of growth opportunities. ‘Immigrant entrepreneurship’ refers to the entrepreneurship of recent migrants by means of starting a business or engaging in self-employment (Chaganti & Greene, 2002). Consistent with prior literature, we use the term immigrant entrepreneurs to refer to first-generation immigrant entrepreneurs; we reserve the term SGIEs for their second-generation counterparts (Chababi et al., 2017; Soydas & Aleti, 2015). We follow the approach of Rusinovic (2008) to define SGIEs as individuals born in the CoR to immigrant parents and those who have moved to the CoR with their parents before the age of 12. In this section, we review growth strategies of immigrant entrepreneurs, including evidence from the available literature on SGIEs where possible.

The fastest growing immigrant entrepreneurs use both product diversification and geographic expansion to break into new product and geographic markets (McPherson, 2007). Product strategies such as product line extensions, product diversification, or identification of new users of existing offerings, are also a way to break into international markets (Ensign & Robinson, 2011; Nathan & Lee, 2013). An early internationalization strategy in immigrant ventures is critical to attaining broad geographic scope and hence survival in the CoR (Jiang et al., 2016).

Often, immigrant entrepreneurs seek and exploit business opportunities, sub-contracting or selling, in the CoO (Drori, Honig, & Wright, 2009; Pruthi & Wright, 2019; Pruthi, Basu, & Wright, 2018). Doing business with the CoO places them in a stronger position to exploit competitive advantages in the CoR, as well as expand their geographic scope to global markets (Jiang et al., 2016; Liu, 2015; Lundberg & Rehnfors, 2018; Zolin & Schlosser, 2013). Immigrant entrepreneurs
entering their home country quickly locate foreign partners, build partnerships with foreign producers, and tap expertise in world markets. SGIEs embrace entrepreneurship just like their first-generation counterparts (Chababi et al., 2017). However, they are not limited in their sectors of activity. Additionally, they are able to break out of ethnic markets and offer non-ethnic products in mainstream markets, participating in value chain activities representing the CoR’s dominant culture (Ndofor & Priem, 2009; Rusinovic, 2008).

3.1. Role of social networks in immigrant entrepreneurs’ growth

Immigrant entrepreneurs’ networks influence internationalization (Chen & Tan, 2009; Nkongolo-Bakenda & Chrysostome, 2013). They benefit from co-ethnic ties or ties with people belonging to the same ethnic group (Bagwell, 2008; Pruthi et al., 2018). Co-ethnic ties provide foreign market information, cheaper production sources, and raw materials. Based on the strength of co-ethnic ties, immigrant entrepreneurs exploit trade opportunities that non-immigrants cannot access (Chung & Tung, 2013; Crick & Chaudhry, 2013; Mustafa & Chen, 2010; Zaheer, Lamir, & Subramani, 2009).

Family is a key element of entrepreneurship among both first- and second-generation immigrant entrepreneurs (Wong, McReynolds, & Wong, 1992). Immigrant entrepreneurship studies corroborate the importance of family as an important factor in immigrants’ start-up motivation and competitive advantage (Basu, 1998). For many immigrants, starting a family business is not only a means of survival but a way to participate in a new country. Second-generation immigrants are top candidates for inheriting their parents’ businesses due to perceived discrimination in the host labor market despite high educational attainment (Bachkaniwala et al., 2001). Those who already have entrepreneurs in their family are more motivated to become entrepreneurs (Baycan-Levent, Nijkamp, & Sahin, 2009). Immigrant family businesses, that is, businesses owned and/or founded by immigrants and controlled by a single family, possess a competitive advantage due to unique resources such as family capital, labor, as well as information and advice, especially in families with professionally trained members (Tata & Prasad, 2015). Distinctive cultural values such as hard work, close family ties and trust, especially among Asians, explain their relatively higher success in business compared to other communities (Basu, 1998).

The immigrant entrepreneurship literature also explores the impact of family on international entrepreneurship (Sciascia et al., 2012). Immigrant entrepreneurs’ prior familiarity with the CoO and use of family ties motivates a business link with their CoO (Crick & Chaudhry, 2013). Co-ethnic ties enable high resource commitments in home markets and offer non-ethnic products in mainstream markets, participating in value chain activities representing the CoR (Bachkaniwala et al., 2001; Jiang et al., 2016). In the next section, we outline the methodology for the study.

4. Methodology

We adopted a qualitative approach, given the exploratory nature of the study and relative lack of prior related evidence, and hence the need to discern novel nuances and insights underlying Indian SGIEs’ strategies (Eisenhardt, 1989; Eisenhardt & Graebner, 2007; Doz, 2011). The lead author searched the British India Business Forum (BIBF), a professional networking organization for British Asian entrepreneurs in the UK. Six SGIEs were identified on this basis. As prior studies in ethnic entrepreneurship (Aliaga-Isla & Rialp, 2013), we used the snowball chain of recommendation to locate a bigger sample given the specialized nature of the population and to build trust-based relationships with the respondents (Miles & Huberman, 1994). We used this approach among the SGIEs interviewed for the study. Interviewees were asked for referrals based on their contacts. Case F introduced us to Case C. Case C provided a referral to Case B who was also based in London and operated in the same industry sector. Respondents were approached via email (followed up with phone calls in some cases), explaining our aims and objectives, and requesting participation (Creswell, 2013). All respondents were promised anonymity and confidentiality in reporting the findings.

In accordance with prior SGIE studies (e.g., Chababi et al., 2017; Soydas & Aleti, 2015; Rusinovic, 2008), we interviewed SGIEs to provide a view ‘from below’. We kept the interviews free-flowing and conversational (Gudmundson, 2013; Witzel, 2000), allowing SGIEs to articulate their growth strategies and explain the factors they considered relevant in the choice of those strategies. Such an approach was deemed appropriate to understanding SGIEs and the context in which they conceived their strategies. The lead author carried out the interviews between January and June 2013. Sixteen interviews were conducted – eleven with SGIEs, and five with their co-founders/business partners (Cases C, E, K) or top managers (Cases E and F) in order to triangulate SGIEs’ perspective and form an overall view where possible (Table 1). Eleven interviews were conducted in the UK (five in London and six in Nottingham), and three in India where a business partner (Case C’s) and two top managers (of Cases E and F, respectively) were located. All but two interviews were conducted in person; managers of two SGIEs located in two different Indian cities were interviewed via phone. All interviewees in the UK agreed to meet at their workplace at a mutually convenient time. One respondent (Case A) was interviewed at their family home on the outskirts of London where it was more convenient for them to meet outside of their central London office.

We prepared a guide to keep the interviews focused and conserve time, as well as capture respondents’ and their ventures’ summary statistics (Creswell, 2013; Miles & Huberman, 1994). The lead author began by asking about SGIEs’ first arrival into the UK from India, the
Table 1
Number, location and mode of interviews.

<table>
<thead>
<tr>
<th>SGIE</th>
<th># of Interviews</th>
<th>Location</th>
<th>Mode of Interviews</th>
</tr>
</thead>
<tbody>
<tr>
<td>A</td>
<td>1</td>
<td>London, UK</td>
<td>In-Person</td>
</tr>
<tr>
<td>B</td>
<td>1</td>
<td>London, UK</td>
<td>In-Person</td>
</tr>
<tr>
<td>C</td>
<td>2 (SGIE in UK and Partner in India)</td>
<td>London, UK (1); New Delhi, India (1)</td>
<td>In-Person</td>
</tr>
<tr>
<td>D</td>
<td>1</td>
<td>Nottingham, UK</td>
<td>In-Person</td>
</tr>
<tr>
<td>E</td>
<td>3 (SGIE, Co-founder in UK, and Manager in India)</td>
<td>Gujarat, India (1); London, UK (2); Phone interview with manager (1)</td>
<td></td>
</tr>
<tr>
<td>F</td>
<td>2 (SGIE in UK and Manager in India)</td>
<td>London, UK (1); Gujrat, India (1)</td>
<td>Phone interview with manager (1)</td>
</tr>
<tr>
<td>G</td>
<td>1</td>
<td>Nottingham, UK</td>
<td>In-Person</td>
</tr>
<tr>
<td>H</td>
<td>1</td>
<td>Nottingham, UK</td>
<td>In-Person</td>
</tr>
<tr>
<td>I</td>
<td>1</td>
<td>Nottingham, UK</td>
<td>In-Person</td>
</tr>
<tr>
<td>K</td>
<td>2 (SGIE and daughter in UK)</td>
<td>Nottingham, UK (2)</td>
<td>In-Person</td>
</tr>
<tr>
<td>Total</td>
<td>16</td>
<td>16</td>
<td>16</td>
</tr>
</tbody>
</table>

Table 2
Profile of SGIEs.

<table>
<thead>
<tr>
<th>SGIE</th>
<th>Age</th>
<th>Country of Birth</th>
<th>Highest Degree</th>
<th>Family Background</th>
<th>Founder/Successor</th>
<th>Year founded/joined venture</th>
<th>Total employees (#)</th>
</tr>
</thead>
<tbody>
<tr>
<td>A</td>
<td>54</td>
<td>Tanzania, East Africa; came to UK with parents at age 11; country of origin India</td>
<td>Medicine</td>
<td>Parents born in India; Father trained as doctor in Bombay; first emigrated to Tanzania, then UK</td>
<td>Sole Founder</td>
<td>Founded 1991</td>
<td>Fewer than 10</td>
</tr>
<tr>
<td>B</td>
<td>39</td>
<td>London, UK</td>
<td>MBA after MSc in Computer Science and BSc in Business Information Technology (IT)</td>
<td>Parents first migrated to Uganda from Punjab, India, and then to UK; father and uncle started own film-processing business in the UK; worked in dad’s business growing up; digital cameras wiped out business</td>
<td>Sole Founder</td>
<td>Founded 2001</td>
<td>9</td>
</tr>
<tr>
<td>C</td>
<td>62</td>
<td>Ludhiana, India; came to UK with parents at age 11</td>
<td>MBA from Harvard University, USA after BSc Computer Science &amp; Physics in UK</td>
<td>Father a biochemist (Ph.D.); lectured at London University; founded own venture</td>
<td>Co-Founder (with brother)</td>
<td>Founded 1983-84</td>
<td>Just under 100 (including contractors)</td>
</tr>
<tr>
<td>D</td>
<td>42</td>
<td>Kenya, East Africa; came to UK with parents at age 5; country of origin India</td>
<td>BSc. Law</td>
<td>Father an entrepreneur in the construction and trucking industry</td>
<td>Sole Founder</td>
<td>Founded 2003</td>
<td>45-50</td>
</tr>
<tr>
<td>E</td>
<td>43</td>
<td>India (came to UK 10 months of age)</td>
<td>Technology</td>
<td>Parents migrated to the UK</td>
<td>Sole Founder</td>
<td>Founded 2002</td>
<td>15-20</td>
</tr>
<tr>
<td>F</td>
<td>47</td>
<td>India; came to UK as child</td>
<td>Diploma in Architecture</td>
<td>Father a bus conductor upon arrival in UK</td>
<td>Sole Founder</td>
<td>Founded 1997</td>
<td>30</td>
</tr>
<tr>
<td>G</td>
<td>36</td>
<td>UK</td>
<td>Postgraduate Diploma in Law</td>
<td>Father a politician; fundraiser worker; then founder of estate agency and public figure/ officer; helped Asian immigrants integrate in UK; came to UK from India to marry a second-generation immigrant of Indian origin</td>
<td>Sole Founder; started from scratch</td>
<td>Founded 2003</td>
<td>800</td>
</tr>
<tr>
<td>H</td>
<td>42</td>
<td>Nottingham, UK</td>
<td>BSc Business Studies</td>
<td>Father a mechanical engineer; started construction and real estate firm</td>
<td>Successor; inherited dad’s property business after he passed away</td>
<td>Joined 1999</td>
<td>2 co-founders and 2 managers; 12 full-time employees; 55-60 subcontractors</td>
</tr>
<tr>
<td>I</td>
<td>48</td>
<td>India; arrived in the UK with parents from India at one year of age</td>
<td>High School; declined opportunity to go to college due to involvement in business</td>
<td>Father an engineer who embraced entrepreneurship; started retail shop that became wholesale</td>
<td>Successor</td>
<td>Joined 1983</td>
<td>4 co-founders; about 80 staff</td>
</tr>
<tr>
<td>J</td>
<td>63</td>
<td>UK</td>
<td>MBA after BSc in Engineering</td>
<td>Father first started clothing retail in the UK; grew from door-to-door selling to outdoor markets/ trading</td>
<td>Successor</td>
<td>Joined mid 1970s</td>
<td>2 co-founders; 70-80 employees</td>
</tr>
<tr>
<td>K</td>
<td>55</td>
<td>Born in Gujarat, India; came to Wolverhampton, UK, at four years of age with parents, two brothers and sisters</td>
<td>BSc. Mechanical Engineering</td>
<td>Father worked in foundry; joined father-in-law in business upon invitation</td>
<td>Partner in Family Business</td>
<td>Joined 1978</td>
<td>70 employees</td>
</tr>
</tbody>
</table>
their ventures. A tabular display was created (using columns for category labels and rows for SGIEs) to summarize the information for each respondent. Next, we compared the rows to discern commonalities and differences across cases. For example, when one SGIE referred to the use of non-family ties in geographic expansion, we searched for more information on this theme in the same, as well as in other, interviews. Countless readings of the transcripts and continued reflection of the findings helped to establish trustworthiness (Creswell, 2013; Miles & Huberman, 1994). We consulted with experts to validate preliminary insights. Additionally, we revisited the literature to correlate emerging evidence with already existing insights. We provide extensive quotes to interpret the evidence.

All SGIEs in our sample identified India as their CoO (Table 2). Three SGIEs had arrived in the UK from East Africa. We retained these cases as the families of each originated in India and had first migrated to Africa prior to being forced out of the country due to political oppression in the 1960s. Our sample comprised seven new owner-founders and four successors of family businesses. SGIEs were 48.27 years old on average, with the youngest 36 and oldest 63 years old. With one exception, all were highly educated (four had a master’s degree) and operated ventures spanning a wide range of industries in both traditional (real estate, food clothing) and knowledge-based (IT, healthcare, law, architecture) sectors.

5. Findings

We found two groups of SGIEs differing in geographic and product/service scope of their ventures (Table 3). Group I SGIEs were diverse in their geographic scope outside of the UK. They were highly specialized in their product/service offerings, preferring to focus on a core, innovative product/service. Group II SGIEs also owned and operated growth-oriented ventures; however, they imported supplies into the UK or attracted clients or investors from abroad. Growth for them was mainly achieved through product-related expansion within the UK.

Group I SGIEs operated in a range of industry sectors including healthcare/medicine, information technology, law, hospitality, and architecture, and entered a wide range of geographic markets outside of the UK (Table 3). They were opportunity entrepreneurs who strategically expanded outward via a variety of entry modes to access a global client-base for their core offering. Whereas Case B provided IT solutions to clients in Moscow, Cyprus, Guernsey, Gibraltar, Dubai, Abu Dhabi, India, Oman, New York, Chicago, Singapore and Sydney, Case C had data centers and clients worldwide, including Iceland, Malaysia, Spain, Poland, and Bulgaria.

These SGIEs sometimes sold the diversified arm of the business to focus on the core offering. Where they expanded in a related product/service area, it was with a view to entering new foreign markets to broaden their appeal to a global clientele. Cases A, B, and D sought new foreign markets outside of the UK via shared or full control modes. A medical practitioner, Case A decided to sell the aesthetics arm of his healthcare venture not long after creating it in order to focus on primary care. Case D’s niche practice as a specialist immigration law firm was the reason he spun it off from his large corporate employer and set up a ‘formal association’ with a US law firm. He planned to approach an angel investor to fund his growth. Cases C, E and G diversified into related products and services. Case C ventured into hardware, which then led to the provision of management services for rolling out the software business in ‘any other country’. They serviced clients through sub-contractors in Poland and Bulgaria, and their own office in India. Case G, who was in the process of buying a pharmaceutical firm in India, explained his widespread trading activities in Africa and South America.

Group II SGIEs, in contrast, were focused on the UK. Although Case H, who was in the business of buying, refurbishing, renting and reselling residential and commercial property, reported aggressive growth, he mainly served foreign customers from all over the world who purchased his properties in the UK. Cases I and K imported supplies and materials from Asia. As UK’s #1 forecourt promotions supplier, whereas Case I had his own manufacturing plant for wholesale manufacture of supplies in China, Case K imported wholesale foodstuffs from China, Vietnam, Taiwan, Korea, Singapore, Hong Kong, Malaysia and the

### Table 3

International geographic and product/service scope of SGIEs (Groups I and II).

<table>
<thead>
<tr>
<th>SGIEs I</th>
<th>Year of entry into India</th>
<th>Entry Mode Strategies</th>
<th>India Function</th>
<th>Product/Service Range</th>
<th>Foreign Market Scope</th>
</tr>
</thead>
<tbody>
<tr>
<td>A</td>
<td>1995</td>
<td>Strategic alliance(in India)</td>
<td>Client sourcing from partner in India; consulting in UK</td>
<td>Medicine/Healthcare</td>
<td>Africa, India, Middle East</td>
</tr>
<tr>
<td>B</td>
<td>2013 after first failed attempt in 2001</td>
<td>Sub-contracting; plans to set up own office (in India); Acquisitions elsewhere</td>
<td>Software development</td>
<td>IT/Software Development and Consulting</td>
<td>Global (Hong Kong, Sydney, Dubai, India)</td>
</tr>
<tr>
<td>C</td>
<td>2003 after first failed attempt in 1997</td>
<td>Joint Venture with local partner in India; Sub-contracting, own offices elsewhere</td>
<td>Back office</td>
<td>IT Software &amp; Hardware</td>
<td>Global (Malaysia, Iceland, Spain, Poland, Bulgaria)</td>
</tr>
<tr>
<td>D</td>
<td>2007</td>
<td>Own office (in India); alliance with US partner</td>
<td>Back office and strategic development in India; consulting in UK</td>
<td>Immigration Law</td>
<td>China, India, US</td>
</tr>
<tr>
<td>E</td>
<td>2007</td>
<td>Own office (in India)</td>
<td>Back office and new product development</td>
<td>Serviced Apartments</td>
<td>Africa, India, Netherlands</td>
</tr>
<tr>
<td>F</td>
<td>2007</td>
<td>Own office (in Gujarat, India)</td>
<td>Local projects, Gujarat government a big client in India</td>
<td>Architecture</td>
<td>Africa (Ghana, Sierra Leone), India</td>
</tr>
<tr>
<td>G</td>
<td>2010</td>
<td>Sub-contracting; plans to set up own office in India; Acquisition of pharma firm in India</td>
<td>Not Applicable (NA)</td>
<td>Security, Pharmaceuticals</td>
<td>India, US, Middle East, Ireland, Spain, South Africa, Turkey, S. Korea</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>SGIEs II</th>
<th>Year of entry into India</th>
<th>Entry Mode Strategies</th>
<th>India Function</th>
<th>Product/Service Range</th>
<th>Foreign Market Scope</th>
</tr>
</thead>
<tbody>
<tr>
<td>H</td>
<td>NA</td>
<td>NA</td>
<td>NA</td>
<td>Real Estate</td>
<td>Indian, Chinese, Russian investors/clients in UK</td>
</tr>
<tr>
<td>I</td>
<td>NA</td>
<td>Manufacturing plant in China</td>
<td>NA</td>
<td>Manufacturing (Forecourt Promotions Supplies); Real Estate, Data Storage; Office Accommodation; Machinery &amp; Fork Trucks</td>
<td>Imports from China</td>
</tr>
<tr>
<td>J</td>
<td>NA</td>
<td>Imports from other countries</td>
<td>NA</td>
<td>Clothing, Real Estate, Airlines</td>
<td>NA</td>
</tr>
<tr>
<td>K</td>
<td>NA</td>
<td>Imports from other countries</td>
<td>NA</td>
<td>Food Retail &amp; Wholesale; Category Management Services; Real Estate</td>
<td>Imports from China, Vietnam, Taiwan, Korea, Singapore, Hong Kong, Malaysia and Philippines</td>
</tr>
</tbody>
</table>
Philippines to supply to UK retailers. These SGIEs took pride in the widespread product/service scope of their businesses in the UK. Both Cases I and K diversified into real estate from manufacturing and food, respectively. Case K’s portfolio boasted his own store, category management of ethnic foods for some of the UK’s largest cash-n-carry foods, and five wholly owned retail stores in the UK. Case J held interests in real estate, banqueting and restaurants, hotels and hospitality. Representative quotes are in Table 4.

The two categories of SGIEs differed in their founding or succession context and use of social ties in internationalization. They were also different in the nature of their link with India. Below we elaborate on these findings using insights from our cases.

5.1. Founding v/s succession context

Group I SGIEs were founder entrepreneurs independently starting up in the knowledge-based sectors (Table 5). They were highly skilled individuals who recognized attractive opportunities either from the ground up (Cases A, B, E, F) or after buy-out (Cases C, D, G) from former employers in the UK. Even though they had family in business, none of them started up in the same space; they independently pursued a new line of business that was better aligned with their specialized knowledge and experience. In contrast, Group II SGIEs were successor entrepreneurs who inherited from family. These SGIEs were highly educated just like their Group I counterparts; however, they operated in traditional sectors. Below we first explain founder (Group I) SGIEs, followed by their successor (Group II) counterparts.

Group I SGIEs and founder entrepreneurs:

Table 5  Founding v/s succession context of SGIEs (representative quotes).

<table>
<thead>
<tr>
<th>Group I Cam</th>
<th>Group II Cam</th>
</tr>
</thead>
<tbody>
<tr>
<td>Founder SGIEs</td>
<td>Successor SGIEs</td>
</tr>
<tr>
<td>“...I joined dad’s venture after passing, and grew the business out of necessity” [Case H]</td>
<td>“...the business changed...because the business that was founded was a retail business. This was the business that my father started. So, from the time myself, and my brothers got involved we actually created, we started the wholesale business” [Case I].</td>
</tr>
</tbody>
</table>


<table>
<thead>
<tr>
<th>Group I Cam</th>
<th>Group II Cam</th>
</tr>
</thead>
<tbody>
<tr>
<td>Founder SGIEs</td>
<td>Successor SGIEs</td>
</tr>
<tr>
<td>“...I think we [co-founders] were both young, we were both ambitious, and we thought we wanted to do something outside general practice, and we identified this as a challenge” [Case A].</td>
<td>“My family was here. I had literally none of my extended family...in the same space. They were more traders you know, goldsmith and shopkeepers and SME type businesses. I started working for XXX (large bank) and I was working in their software division. It was effectively a leasing software that they rolled out throughout the whole of Europe in phases. We were lucky enough to be able to pitch to them, an option for them to outsource all of that to myself, later on my brother who came in to this employment relationship...and we span it out in to a little company called YYY (name of own venture)” [Case C].</td>
</tr>
</tbody>
</table>
declared it incompatible with the firm’s core interests. They felt the family business had staked their own interest in business. Case G pursued law and acquired an underperforming law firm to start his venture after first serving his father’s company as an employee.

In contrast, Group II SGIEs actively grew the businesses inherited from their parents. Case J, who joined the family clothing business in the late 70s, rapidly grew the business in the initial years until he started investing in property in the late 80s. Case K, who joined his father-in-law in the food retail business after earning a mechanical engineering degree in the UK, exponentially grew the business, researching new products to add to the portfolio. Case I transformed the retail family business into a wholesale business along with his brothers.

5.2. Non-family ties v/s family ties in internationalization

Group I SGIEs strategically leveraged non-family ties to expand their geographic scope outside the UK. In some cases, the initial impetus came from new opportunities. Group II SGIEs attempted to exploit non-family ties to add to the portfolio. Case I transformed the retail family business had stoked their own interest in business. Case J, who joined the family clothing business in the late 70s, rapidly grew the business in the initial years until he started investing in property in the late 80s. Case K, who joined his father-in-law in the food retail business after earning a mechanical engineering degree in the UK, exponentially grew the business, researching new products to add to the portfolio. Case I transformed the retail family business into a wholesale business along with his brothers.

Table 6

<table>
<thead>
<tr>
<th>Group I</th>
<th>Group II</th>
</tr>
</thead>
<tbody>
<tr>
<td>Non-Family (Non-Co-Ethnic) Ties for Outward Internationalization</td>
<td>Family Ties for Inward Internationalization</td>
</tr>
<tr>
<td>“...we have a client here in the UK, he says ‘oh, by the way we’ve got an office in Sydney’... I was networking here with somebody and they said ‘oh, we have an office in Dubai’, and I go ‘oh we’ve got some clients in Dubai’. And he said ‘oh do you mind going to Dubai and seeing our office set up there’ and I said ‘sure’. Next week took a flight out, went there and found some local companies that could then deliver some of the services” [Case B].</td>
<td>“I mean traditionally... because you can rely on them. You know families [are] a big bond, especially within our culture and community... so you always try and help each other, and you know it’s trust. ...we [family, including brothers as co-owners/successors] were getting too busy in the UK to do all the traveling; it was getting a bit too much. And it was just a matter of... trying to consolidate and I thought the market in the UK was strong for buying and selling so I decided to concentrate back in the UK” [Case H].</td>
</tr>
<tr>
<td>“Yeah, you look on the internet and you say ‘I’m coming down and have a chat with you, if you’re coming here come and have a chat with me’, or we do Skype conversation, eventually do a face to face. By that time, you’ve done a lot of diligence about you know, is there a synergy? Is there capabilities? Is there infrastructure to be able to support that? And then you take a punt” [Case C].</td>
<td>“Between the four brothers, I have one brother, he deals with the finance of the business. I have another brother he deals with the overseas procurement... we travel together. It’s just that he deals with the admin side... and another brother, he is the operations guy, and then there’s myself, and I deal with the sales and marketing and compliance... but at this moment in time we have got too much going off here [in the UK], and if an opportunity [to expand abroad] came my way right now, I would possibly have to decline it... because we are already over stretched with the amount of work that we are doing at this time” [Case I].</td>
</tr>
<tr>
<td>“so basically I was out in China, a friend of mine from Derby said ‘oh, if you’re going to go out, meet my friend and he’ll be able to assist you’... and so XXX [Chinese contact in China] phoned me up couldn’t speak any English but through his interpreter he arranged a dinner for me at the Shanghai Yacht Club I remember that... he said, during that meeting that he’s got a daughter who’s in the UK, she’s just finished her, master’s degree... ended up employing herself... she’s now my country director in China” [Case D].</td>
<td>“So, I’ve set this business up with my three daughters, all three are married now. and the sons-in-law have come into the business with me now as well. So in the last, 9-10 years we’ve built this to about 20 million again now.” [Case K].</td>
</tr>
</tbody>
</table>

Group I SGIEs built new, non-co-ethnic ties to penetrate foreign markets outside of the CoR (Table 6). These ties included business ties with partners and clients that they sought themselves or through referrals. As there were no formal networking organizations in healthcare, Case A actively visited East Africa to leverage his social ties and build relationships with local doctors. Case B’s networking with clients in the UK first introduced him to opportunities in Sydney and Dubai. He swiftly acted on referrals to visit his UK clients abroad that he then started to service. He also found other local companies in those countries to deliver some of his services.

Case C constantly searched for international tenders and ‘hotspots’ on the internet, attended international trade exhibitions and delegations, and cold-called on people to request business meetings after extensively researching the underlying synergies. The due diligence he undertook enabled him to gauge potential business prospects, and seek new and unknown clients prior to striking deals with them. He partnered with a UK service provider to tap the booming Dubai market and convince a large UK client bank there to become a customer. Whereas Case E joined a UK government delegation to visit India to actively seek corporate clients, Case D used his cousin’s introduction to collaborate with a high-profile attorney and national news network host in the US. A referral in the UK led him to a partner in China while he was visiting there. Case D hired that individual’s daughter, a student in the UK at the time, to penetrate China and head his country office there.

Group II SGIEs deemed strong family ties as important for expanding their product/service scope within the UK. They tried tapping into non-family, non-co-ethnic, ties; however, these entrepreneurs were not keen on exploiting their outward growth potential due to their pre-occupation with the domestic market and unwillingness to take risks. Cases H and I located international customers and suppliers through trade fairs; however, there was ‘too much’ going on in the UK. Case H used trade shows only to access international customers inside the UK. He planned to attract foreign investors from China in his real estate venture in the UK. He believed he could ‘rely’ on his wife as his business partner and trust his brothers as key stakeholders in the business; he and his brothers were ‘getting too busy’ concentrating on their diversified portfolio within the UK. Case K took pride in his three daughters’ and sons-in-laws’ contribution to his food business through product innovations, including a new tea drink that they soon planned to launch.

Other Group II SGIEs were no longer interested in outward expansion. Case I did not see ‘any advantage’ in changing his manufacturing base from China to India. Operating 14 companies, including data storage and office accommodation businesses that he had recently started in the UK, he had a ‘very successful property business’, comprising a ‘substantial portfolio of houses, flats, office premises, warehouse, all the commercial properties’ and did not imagine stepping out of the country. He articulated his three brothers’ respective functional roles and responsibilities in the business within the UK. The brothers traveled together to China for business. Case J was ‘put off’ due to ‘bad experience’ while outsourcing his clothing business to Morocco in the past, and hence felt reluctant to enter another country for manufacturing without full control.

A distinctive aspect of Group I SGIEs’ growth was their business link with their GoD. Group I SGIEs proactively and strategically entered India with a view to growing in world markets. They leveraged non-family co-ethnic ties to penetrate India and scale their business to other foreign markets from there (Table 7). In contrast, Group II SGIEs lacked business interest in India; they imagined their children’s future role in working with India.

With two exceptions, Group I SGIEs entered India prior to penetrating other foreign markets. Cases B, C, D, E entered India to reduce costs (Table 7). Case B sought to benefit from ‘broader’ IT training of local recruits in India in comparison with that in the UK. He shortlisted 17 sub-contractors and took a ‘live project proposal’ to them early in the life of his venture with a view to scaling up in other foreign markets. Case A went back to Kenya and Tanzania to develop relationships with
Table 7

Impact of India relationship on growth of SGEIs’ businesses (representative quotes).

<table>
<thead>
<tr>
<th>Group I</th>
<th>Group II</th>
</tr>
</thead>
<tbody>
<tr>
<td>Role of business link with India in outward internationalization</td>
<td></td>
</tr>
<tr>
<td>‘India was a service provider to us so we had human resources in India that we would specifically tune to our requirement to fulfill the client base, which was a European and global client base’ [Case C]; ‘...we travelled worldwide, looked at other business opportunities in Dubai and...we have done a lot more...we were investing in real estate in India and when we were in XXX place [commercial location in Delhi, India], we were looking for larger premises so...the thoughts were good, the thoughts were genuine, the thoughts were big, XXX [Case C] not only wanted to outsource his business, he wanted to find customers in the UK to feed into that. He wanted to look into the India story...clients are in Europe, in UK...in the UK they have a huge team, but they need some software developer here [in India] [Case C’s India partner].’</td>
<td></td>
</tr>
</tbody>
</table>

| ‘Yeah, the main reason to go into India wasn’t with the view to expand our service [sell in India]. A lot of our work is doing long typing long statements...so, when I was looking at salary levels of secretaries in the UK, versus graduate lawyers doing typing in India...I could build up a whole team of six people...costs was the main reason to go in...after opening India, I opened China, I opened London’ [Case D]. |

| ‘...we tried a few different places [in India] but in the end we opened in Surat [city in Gujarat, India]. And that was for the software side of the business. I started XXX, which was the software for serviced apartments. It allows serviced apartments and hotels to take reservations, send out booking confirmations, help them market and also pay on the website. It’s like a full operational system that allows them to manage the housekeeping and anything associated with a customer. The developer is in Bombay. In Surat these guys work effectively for me, and they help me test the system, check the system, upload new properties on to the system for properties around the world’ [Case E]; ‘...we work on the database we had, from them we get new contacts as well as from old database we get new clients...as well by reference we don’t search for the clients at the moment from India’ [Case E’s India manager]. |

| Non-Family (co-ethnic) ties for entering India |
| ‘Not related, when I call him [India partner] cousin, a distant cousin, but there’s no direct family connection other than our parents [in India]. We were neighbors and very good friends. So it was really centered around trust you know’ [Case C]; ‘...and I think the UK Asian ones are a little bit more socially connected may be if it was [were] a different society, a UK society, it might Lack of ‘trusted’ ties to enter India/Family ties for future entry into India |
| ‘I’m very interested my son...he’s studying...at XXX [University] and he’s reading real estate at the moment. His plan was to go and work in India because he wants to get involved in the India property market’ [Case I]. |

Table 7 (continued)

<table>
<thead>
<tr>
<th>Group I</th>
<th>Group II</th>
</tr>
</thead>
<tbody>
<tr>
<td>have been more professional and these social aspects may have been second, but all our Indian events are more social first...I think we hit it off quite well.’ [Case C’s India partner].</td>
<td></td>
</tr>
</tbody>
</table>

| ‘Yeah, I’ve got relatives there but they’re useless really, they’re just local people trying to live life themselves day-to-day sort of thing...I didn’t have a network there in India...I’m going to start recruiting a higher-level team now. I need to go out to India and speak to software developers, hardware developers, people who have experience of marketing throughout the country. And yeah, there’s going to be another surge of growth in India I think we’re ready for that’ [Case D]. |

| ‘Oh fantastic, the opportunity for Indian product is just non-ending. You could do lassi [curd milk] style with this [a new drink they had developed]. You can do anything. You can do a western twist on it.’ [Case K’s daughter]; ‘...at the moment I don’t think I’ve found the right partners. Because I think we’re too open, we’re too transparent, my feeling about, even though I lived in India as a kid but I don’t know their work ethic...I don’t know whether they’re, transparent and everything’s upfront and...trust is not there, we are too trusting here I think, I tell it how it is...we believe business is about honesty and relationships.’ [Case K]. |

| ‘I know XXX [Case E] because in India we live in the same area which is YYYY [city in Gujarat, India], so I know him from there but when I went there [UK] I had to go through the interview...when I joined the company when I became manager he started getting to know XXX [Case E] more...he used to call me to his house in London, we used to learn this software because at that time this software was still at development stage...XXX used to teach me and then the Mumbai team we have over here [in India] they used to help us as well’ [Case E’s India manager]. |

| ‘The partner is a guy called XXX [from the Indian community], he’s a loyal guy here [in the UK]. XXX is a friend who brought the concept same...and we’re looking to actually buy a company in India at the moment. So we’re looking at having the complete supply chain in our control...’ [Case G]. |

drivers to replicate in East Africa, a model he had successfully developed in India. At the time of this research, he had appointed a marketing consultant to further grow this model in the US. Case C had ‘human resources in India’ that would ‘specifically tune’ to their requirement to fulfil a ‘European and global client base’. Case C’s India partner corroborated working with Case C to actively scout business opportunities in the UK and other foreign markets since the time of Case C’s initial entry into India with a view to scaling up in those markets through software development in India.

Case D, who had growth aspirations in the BRIC countries, opened in China after opening in India. He then expanded to the US. He entered India to lower the cost of writing letters and processing accounts at his law firm. Case E, founder of a serviced apartment chain in the UK, planned to physically expand to other countries after entering India. He was developing a new software solution in India that he planned to use for his own outward expansion in foreign markets, as well as to sell to other service rental providers outside the UK and India. He recruited a developer in Bombay to develop a ‘full operational system’ for taking reservations, making bookings, and receiving online payments. His India manager extensively used the software to search for clients outside of India. At the time of this research, he was preparing to delegate the India office to local personnel and return to the UK to work with Case E to tap ‘bigger opportunities’ for expansion outside of the UK (Table 7).

Group I SGEIs were distinctive in their use of non-family, co-ethnic ties including friends, customers, or Indian cultural organizations in the
UK to penetrate India (Table 7). Family ties were rarely used. Sometimes, they used co-ethnic ties in conjunction with formal introductions from the UK government.

Case C re-connected with an old friend, his parents’ neighbor’s son (when his parents lived in India), in the UK after several years. Trust in his friend enabled him to partner with him to enter India for back-office support of his world-wide operations (Table 7). Two Group I SGIEs had prior experience of working in India. Whereas Case A took up a six-week internship in Mumbai as a final year undergraduate medical student in the UK, Case B trained and performed in India for one year as part of a dance troupe at a UK community temple. Cases A (and E) felt comfortable following their Indian clients in the UK, whereas Case B asked an Indian he had met through the temple for introductions to local providers for setting up an office in India. Case E’s India manager was a student from the same hometown in India as Case E. He regularly met with Case E in London to learn the software Case E was developing in India for scaling up in foreign markets. Case D, who converted his ancestral home to his office in India, sought local hardware and software developers and marketing personnel to support his foreign operations elsewhere.

Case F partnered with a friend from India who was commissioned by the UK government to establish a business link with India. His India manager was an Indian student in the UK who interned with him upon graduation. Case F considered the India assignment, a replica of the London eye, in one of the Indian states as a big esteem factor for attracting international attention for his work. Case G, whose dad was very well-known in the Indian community in the UK, was approached by ‘many of his dad’s friends’ from the community to do business with India. One such friend introduced him to a supplier in India and, through that supplier, to an opportunity to purchase a local company with a view to controlling the ‘full supply chain’ in India.

Cases B, C, E, F, and G did not have any family in India. Their families were based in the UK. Where there was family in India (Cases A, D), it was not of much business value. Case D set up a back-office in his family’s ancestral home in India after it risked being expropriated by members of the extended family in India. However, the extended family was ‘useless’ in penetrating the local market (Table 7). Group II SGIEs, in contrast, were extremely wary of corruption related to foreign investment in India. They had tried both family links in India and formal government channels in the UK to penetrate India; however, those links did not work. Four of five cases had no family or ‘trusted networks’ to do business in India. The ones who envisaged entering India for business in the future expected to involve their children.

Case H explored family connections to explore business opportunities in India; however, they did not work. He had since decided not to do any business in India. Cases I and J were unsuccessful in their use of non-family ties to penetrate India. A real estate entrepreneur, Case J attempted to partner with a large domestic airline in India but was forced to withdraw due to bureaucracy. Case I terminated imports from India due to poor quality supplies. Case K had similarly received introductions from UK government organizations to do business in India; however, he had not succeeded at leveraging those connections. He wanted to grow in India but acknowledged the lack of trust and credible relationships to do so. Where these SGIEs used non-family ties from the community, they used those ties to grow within, rather than outside of, the UK. Case H marketed his real estate to Indian customers in the UK. Even though they had no plans to permanently return to India, Group II SGIEs retained a soft corner for India. Some held personal investment assets in India and frequently traveled there for leisure. Others connected through relatives in the UK. These SGIEs were vocal about the importance of family for growing their businesses in the UK and the role of their children for entering India in the future. Some were training their children to do business in India. Case I planned to send his son, who was studying real estate, to India for business. Case K was training his daughters in food development and inducting his sons-in-law into the family business. One of his daughters was excited about selling their new bubble-tea drink in India. Despite being rooted in family networks, these SGIEs felt deeply integrated with the UK society. Whereas Case K was extremely proud to receive personal invites from 10 Downing Street, Case I believed he and his family were an integral ‘part of’ the UK culture.

5.3. Summary and Propositions

Our sample SGIEs pursued inward and outward internationalization using co-ethnic and non-co-ethnic ties. They used a range of non-co-ethnic ties; however, our findings suggest that SGIEs are not dissociated from their co-ethnic networks. They continued to be embedded in co-ethnic networks, drawing on co-ethnic ties for growth. Friends and family enabled SGIEs to access foreign market information and cheaper production sources and raw materials, conduct business operations, and seek personnel and clients for both inward and outward internationalization. Yet, SGIEs’ differential use of family and non-family co-ethnic ties translated into differential internationalization strategies. Successor SGIEs drawing on family ties did not succeed at outward expansion. Although they attempted to look outwards, successor SGIEs became inward looking after failed attempts to penetrate the CoO. Although retaining a personal connection with India, these SGIEs either had no business link with the CoO or used that link to grow within the UK. Their relative risk aversion and lack of trust in non-family ties for CoO entry led to an inward orientation within the CoR. In contrast, founder SGIEs successfully exploited non-family co-ethnic ties for CoO entry. Additionally, they successfully leveraged the CoO link to build social capital for outward expansion in other markets through a range of non-co-ethnic ties. On this basis, we suggest the following propositions:

**Proposition 1a.** Founder SGIEs starting-up in an independent context and combining non-co-ethnic ties with non-family co-ethnic ties are more likely to pursue outward internationalization.

**Proposition 1b.** Successor SGIEs inheriting from family and combining non-co-ethnic ties with family ties are more likely to pursue inward internationalization.

Like their first-generation counterparts, our sample SGIEs continued to be connected with their CoO. However, only founder SGIEs successfully penetrated India for business. Entering the CoO helped to reduce costs of software development or back-office operations, or leverage human resources to ‘fulfil a global client base’. The CoO link enabled outward growth in foreign markets using a range of entry modes. Six of seven founder SGIEs in our sample were owners of small firms (fewer than 50 employees), and four (Cases A, D, E, and G) penetrated India and other foreign markets within seven years of inception. These SGIEs used non-family co-ethnic ties including friends, customers, or Indian cultural organizations in the UK to penetrate India, sometimes in conjunction with formal introductions from the UK government. In most cases, they had no family in India. Non-family co-ethnic ties, including links with members of the Indian community or cultural organizations, their own, or parents, friends from India, or even Indian customers in the UK, substituted for the lack of family in India. In two cases, SGIEs’ prior experience of working or living in India reinforced their co-ethnic links. In contrast, Group II SGIEs who were unsuccessful in penetrating India lacked such ‘trusted’ networks outside of family. Family ties helped with business co-founding and growth into new product areas within the UK. Family members also assumed a wide range of functional and operational responsibilities in business growth and development. Accordingly, we advance the following tenable propositions:

**Proposition 2a.** Founder SGIEs starting-up in an independent context and combining non-co-ethnic ties with non-family co-ethnic ties are more likely to internationalize to their country of origin to grow their ventures.
Proposition 2b: Successor SGIEs inheriting from family and combining non-co-ethnic ties with family ties are less likely to internationalize to their country of origin to grow their ventures.

Proposition 3a: Founder SGIEs starting-up in an independent context and combining non-co-ethnic ties with non-family co-ethnic ties are more likely to grow through geographic diversification outside of their country of residence.

Proposition 3b: Successor SGIEs inheriting from family and combining non-co-ethnic ties with family ties are more likely to grow through product diversification within their country of residence.

Fig. 1 illustrates the heterogeneity of SGIEs in their pursuit of inward and outward internationalization, product, and geographic growth, respectively, contingent on founding or succession context and use of social ties. Group I SGIEs were founder SGIEs independently starting up (either from bottom up or through buyouts) based on specialized professional knowledge and experience. They combined non-family co-ethnic and non-co-ethnic ties to expand their geographic scope outside the CoR, including the CoO. In contrast, Group II SGIEs were successor entrepreneurs operating in the traditional sectors who inherited from family and used strong family and non-co-ethnic ties to expand their product/service scope within the UK.

6. Discussion and conclusions

An understanding of SGIEs’ growth strategies is important in discerning the role of individual entrepreneurs in the formation of rapidly growing firms. Prior research recognizes SGIEs’ growth, especially in comparison with their first-generation counterparts (Chababi et al., 2017; Rusinovic, 2008; Soydas & Aleti, 2015). SGIEs take risks in a broader range of industry sectors and adopt strategies focused on the wider community beyond co-ethnic markets. Motivated to start-up due to the potential for growth, they are less attracted to family businesses with limited growth prospects (Bachkaniwala et al., 2001). Our findings show that SGIEs pursue growth through product and geographic diversification, inside and outside of the CoR, respectively. Moreover, succession, besides independent founding, is an entrepreneurial context for highly skilled SGIEs. Successor SGIEs in our sample played a proactive role in growing their family businesses after inheriting them. Several started small, yet they grew into multi-million-pound businesses, two of them seeking private equity for further growth. Family business literature offers mixed evidence regarding the role of successive generations in growth. On the one hand, incoming generations are shown to trigger strong growth episodes due to better information and preparedness (Cruz & Nordqvist, 2012; Graves & Thomas, 2008; Pukall & Calabrò, 2014). On the other hand, increasing size of businesses dilutes the influence of a single generation on operations (Okoroafo & Koh, 2010; Westhead & Howorth, 2006). Our findings in the context of immigrant-owned family firms suggest that successor SGIEs actively grow their family businesses; however, they assume an inward orientation in comparison with their founder counterparts.

Successor SGIEs’ pursuit of product diversification aligns with prior evidence about family firms being significantly less likely to grow through geographic diversification compared to non-family counterparts (López-Cozar-Navarro et al., 2017). Product orientation (Gallo & Pont, 1996), and regional focus, especially due to the presence of local personal ties, result in local investments (Pukall & Calabrò, 2014). Family firm owners prefer to take fewer risks (Casillas, Moreno, & Barbero, 2010; Donckels & Fröhlich, 1991; Flören, 2001; Naldi, Nordqvist, Sjöberg & Wiklund, 2007) or be involved at a lower level (Fama & Jensen, 1983); they need to acquire experience in assessing the risks and rewards of internationalization in order to expand globally.

Fig. 1. Role of founding or succession context and social ties in SGIEs’ growth strategies.
In contrast, founder SGIEs’ pursuit of geographic diversification based on a differentiated core offering resonates with insights from IB literature that product and geographic diversification strategies support each other when combined in some controlled way (Dikova, Jaklic, Burger, & Kuncic, 2016; Li et al., 2012). ‘Globalfocusing’ or geographic diversification in a narrow set of industries frees up resources for geographic expansion (Meyer, 2006). These SGIEs’ use of a variety of entry mode strategies including partnerships and direct investment to penetrate foreign markets attests to the increasing use of advanced entry modes among small firms (Laufs & Schwens, 2014).

SGIEs’ use of social ties speaks to prior evidence regarding the role of social capital in the internationalization of small and immigrant-owned firms (Aldrich & Zimmerman, 1986; Chetty & Agndal, 2008; Dubini & Aldrich, 1991). Our sample SGIEs used both existing ties, and proactively sought new ties with agents and customers, solicited introductions from government agencies, and used the internet to scout opportunities in foreign markets. Such ties enabled access to customers, suppliers, partners and investors, and skills and information for internationalization. Loane and Bell (2006) assert that small firms gain experiential knowledge ‘by proxy’ through relationships with network partners abroad. Founder SGIEs were conspicuous in building business ties outside of the CoR and visiting foreign markets to find clients and partners. Prior studies validate immigrant entrepreneurs’ need to build new ties for outward internationalization (Jiang et al., 2014).

Immigrant entrepreneurship literature suggests that SGIEs breaking out from ethnic markets are less likely to use co-ethnic ties; they are more likely to leverage mainstream contacts for business development (e.g., Chababi et al., 2017; Soydas & Aleti, 2015). Our sample SGIEs were not dissociated from co-ethnic ties; to the contrary, they used such ties to grow in combination with non-co-ethnic ties. Indian SGIEs’ perception of co-ethnic ties as ‘trustworthy’ and their use of those ties to lead to business resonates with the importance attached to interpersonal ties by Asian B2B firms (Preechamont & Lu, 2013). Prior immigrant entrepreneurship studies report the use of co-ethnic ties to cross national boundaries (Chung & Tung, 2013; Crick & Chaudhry, 2013; Mustafa & Chen, 2010; Zaheer et al., 2009). Whereas founder SGIEs in our sample were more likely to seek out friends and business contacts from the co-ethnic community outside of family to penetrate foreign markets including the CoO, their successor counterparts were less trusting of non-family ties. Prior research contends that second-generation minorities growing up in households influenced by their families’ origin countries form ties with the CoO indirectly through their parents or during short visits to the CoO (Levitt, 2009). Moreover, family businesses find it difficult to cultivate business ties outside of family and build business relationships for outward internationalization (Kontinen & Ojala, 2011).

A novel contribution of our study is the heterogeneity of SGIEs in their pursuit of inward and outward internationalization, product and geographic growth, respectively, contingent on their founding or succession context, and use of social ties. These findings contribute to the immigrant entrepreneurship, international business, and international entrepreneurship literatures. Prior immigrant entrepreneurship studies allude to a link between SGIEs’ industry sector and growth (e.g., Bachkaniwala et al., 2001), however, empirical evidence related to growth strategies is limited. With some exceptions (e.g., Jiang et al., 2016; Pruthi & Wright, 2019), studies on the topic of growth examine immigrant entrepreneurs’ embeddedness in the co-ethnic community and breakthrough into non-traditional sectors in the mainstream economy, mainly within the CoR. The literature on ‘new generation immigrant entrepreneurs’, motivated by opportunity seeking rather than survival is a relatively new field of investigation (Baycan-Levent et al., 2009; Masurel & Nijkamp, 2004; Soydas & Aleti, 2015). Evidence on immigrant entrepreneurs’ growth strategies, especially in relation to their link with the CoO, is sparse.

In showing that SGIEs pursue product and geographic diversification strategies to grow inside and outside of the CoR, our findings extend the immigrant entrepreneurship literature. We suggest that SGIEs’ growth strategies are contingent on their founding or succession context and use of social ties. SGIEs’ founding or succession context, and non-family or family co-ethnic ties, respectively, translate into growth in geographic or product scope, respectively, of their ventures. Moreover, SGIEs are differentially connected to their CoO and the CoO link translates into outward or inward focus contingent on whether they are founder or successor entrepreneurs and use non-family or family co-ethnic ties, respectively. Whereas founder SGIEs proactively building non-family co-ethnic ties to penetrate the CoO pursue outward internationalization through geographic growth, successor SGIEs unable to successfully leverage non-family co-ethnic ties for CoO entry become inward looking, growing through product diversification within the CoR. In linking SGIEs’ founding or succession context, and use of non-family or family, co-ethnic, and non-co-ethnic, ties, respectively, with their growth strategies, these findings extend prior research on immigrant entrepreneurs’ social capital and enactment of the entrepreneurial process in the immigrant entrepreneurship literature (Becker & Blumberg, 2013; Chababi et al., 2017; Soydas & Aleti, 2015).

Our findings also contribute to the international business and international entrepreneurship literatures. IB studies explore the link between entrepreneurial motives, product and geographic diversification strategies (Benito-Osorio et al., 2020; Dikova et al., 2016). However, prior research is mainly in the context of outward internationalization of large multinational firms. Resource-constrained small firms are assumed to remain confined to narrow product and market niches. As the most common type of businesses, family SMEs represent an interesting setting due to their distinctive characteristics, including the generational diversity of the top management team (Mitter et al., 2014; Segaro et al., 2014); yet, research on the relationship between entrepreneurial behavior and internationalization in family SMEs is limited (Alayo, Maseda, Iturralde, & Arzubiaga, 2019; Calabro, Vecchiari, Gast, & Campopiano, 2019). IB researchers often focus on firm founders, ignoring the fact that the most dramatic business growth is often achieved by successors who liberate the business from the constraints imposed by the founder (Zucchella, 2021). Studies in international entrepreneurship document the role of transnational entrepreneurs creating ventures between their countries of residence and origin (Orori et al., 2009; Saxenian, 2003; 2005); however, empirical evidence pertaining to the link between CoO entry and international growth of their ventures is sparse (Jiang et al., 2021; Jiang et al., 2016). While much has been done to identify the drivers of international entrepreneurship, the role of family as an important driver has been largely ignored (Sciascia et al., 2012).

In linking inward internationalization with product diversification strategy of SGIEs, our findings extend IB literature on inward internationalization that is mainly focused on its relationship with outward internationalization (Hernández & Nieto, 2016). We also contribute to the internationalization literature on the link between entrepreneurs’ behavior and internationalization strategy in small and new firms. First, we suggest that SGIEs inheriting small family businesses are more likely to grow via product/ service diversification in the CoR in comparison with their non-family counterparts who are more likely to pursue geographic diversification in foreign markets. These findings extend the small firm internationalization literature. Second, we suggest that founder, as opposed to successor, SGIEs developing business links with their CoO start rapidly growing firms. In alluding to a link between founder SGIEs' geographic expansion to their CoO and rapid growth in geographic scope of their new and small ventures in other foreign markets, our findings contribute to emerging research on the role of immigrant founders in born global firms (Jiang et al., 2021; Jiang et al., 2016). In linking the role of proactive and innovative, opportunity-seeking founder SGIEs with their use of non-family co-ethnic ties and non-co-ethnic ties in rapid internationalization, these findings enrich IB literature in their focus on the behavior of entreprising individuals as opposed to firms. They also contribute to the international
entrepreneurship literature. On the one hand, international entrepreneurship portrays opportunity-seeking, proactive and uncertainty coping entrepreneurs and entrepreneurial organizations; on the other hand, it is still reluctant in fully accounting for proactiveness and innovativeness and tries to justify entrepreneurial internationalization on the grounds of previous experience or social networks (Zucchella, 2021). Our findings reconcile this tension. We find that founder SGIEs proactively leveraging non-family co-ethnic ties to venture into their CoO succeed at penetrating foreign markets through outward internationalization. Their successor counterparts inheriting family businesses succeed at driving internationalization, however, they develop an inward orientation due to their lack of persistence and outreach beyond family networks.

6.1. Future research directions

Our study opens up several new research avenues. Further research is necessary to explore the incidence of succession as a route to entrepreneurship for SGIEs, factors influencing their decision, as well as the role of successive generations in long-term growth and development of their businesses (Bachkaniwala et al., 2001). Given successor SGIEs’ local diversification into unrelated product areas, future work is needed to compare the risk-taking propensity of founder and successor SGIEs, and its link with growth strategies. Successor SGIEs who did not maintain a business link with India kept a strong personal connection with the CoO; some were inclined to send their children to develop business in India. The preparation and development of third generation family members is expected to lead to expansion beyond a single-trade area (Naldi, Nordqvist, Sjöberg, & Wiklund, 2007). At the same time, however, the strength of family networks can prevent infusion of new ideas and management practices into the business, or entry into more profitable areas of activity. Therefore, the role of the third generation in the internationalization of immigrant-owned family businesses to their CoO and its impact on the performance of their businesses is worth exploring. Longitudinal research might be necessary to establish whether the CoO connection persists or disappears in successive generations.

It would also help to understand how SGIEs leverage their CoO connection to expand the foreign market scope of their ventures. Further research may usefully investigate the sequence of SGIEs’ entry into the CoO and how it impacts their outward expansion strategy and performance. Specifically, is there a link between SGIEs’ early entry into the CoO, and pace of geographic expansion (and performance) of their ventures? Further work is necessary to examine the organizational form of SGIEs’ ventures as a consequence of their foreign expansion (Oviatt & McDougall, 1994). Do founder SGIEs growing via outward geographic expansion attain global scope, and, if so, why? Longitudinal future research can help to discern if one type of SGIEs’ internationalization leads to another. Do successor SGIEs take advantage of technological or internationalization knowledge obtained, or customers contacts created, to reach outward in foreign markets? Do founder SGIEs’ outward internationalization efforts eventually exert a positive impact on inward operations?

Finally, a large volume of IB literature is devoted to an investigation of the combined impact of product and geographic diversification on firm performance (Benito-Osorio et al., 2020). Extant research maintains that the impact of product diversification on performance is contingent on the degree of (outward) internationalization, and that product diversified firms perform better when they are geographically more diversified (Dikova et al., 2016). Further research on potential differences in performance between founder and successor SGIEs can extend this literature. Do founder SGIEs pursuing geographic diversification outperform successor SGIEs pursuing product diversification via inward internationalization? Such research can also add to the family business literature where evidence on innovation in family businesses is mixed. Some studies find that family businesses innovate; others criticize family businesses for being unwilling to innovate in comparison with non-family businesses (Daily & Dollinger, 1991; Gomez-Mejia, Larraza-Kintana, & Makri, 2003).

6.2. Limitations

Some limitations of our study also offer future research opportunities. First, our study is focused on SGIEs. It might be fruitful to obtain both first- and second-generation perspectives and compare SGIEs’ growth strategies with their first-generation counterparts. Second, our findings are limited to SGIEs of Indian origin in the UK. Although akin to immigrant entrepreneurs of other origins from non-OECD countries, immigrant entrepreneurs of South Asian origin in the UK are much more successful in self-employment compared to their counterparts from elsewhere (Bachkaniwala et al., 2001). Thus, it is possible that SGIEs from other ethnic backgrounds differently approach growth. The role of co-ethnic ties may be especially different for other immigrant groups due to the lack of a large co-ethnic community in the CoR. Yet, our aim was not to achieve generalization. The findings should be evaluated on the basis of transferability to other settings with similar contexts (Miles & Huberman, 1994). Given variations in immigrant entrepreneurs’, education, culture, and engagement in industry sectors, it is important to extend our research to other communities and countries (Yang, Kim, & Jung, 2011). Further research may probe SGIEs’ growth strategies among smaller and relatively newer immigrant populations in other contexts. Larger samples are necessary to permit a comparison with different ethnic groups and in other countries outside of the UK.

6.3. Implications for practice

Our findings suggest that growth-seeking SGIEs must proactively build and use co-ethnic and non-co-ethnic, family, and non-family ties. Co-ethnic ties are not necessarily restraining; however, SGIEs aspiring to step out and expand their geographic scope outside of the CoR must proactively identify independent start-up opportunities in knowledge-based sectors, and combine family ties with non-family co-ethnic, and non-co-ethnic, ties to penetrate their CoO. SGIEs who are the offspring of immigrant founders need not form independent ventures in order to realize their entrepreneurial ambitions; they may inherit from family and use family ties to grow their businesses. However, they must then be prepared to establish trading relationships in foreign markets and expand their product/service scope within the CoR in order to stay in rather than step out.

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