

# **International Search Behaviour of Business Group Affiliated Firms: Scope of Institutional Changes and Group Dynamics**

Satyhajit R. Gubbi

Faculty of Economics and Business, University of Groningen

## **Abstract**

This paper investigates whether and when affiliation to business groups enables or constrains firms' search behaviour during institutional transitions. We theorize that given the unique structure and complex form of business group organization, search behaviour of affiliated firms is contingent on the degree of (mis)alignment in outlook at the group and affiliate's level of management. We identify scope of institutional changes, business group attributes and within group dynamics as sources of this (mis)alignment. Results from panel data of 298 firms from the Indian pharmaceutical industry during the period 1992-2007 show that constraining effects of business group affiliation are observed only when institutional changes are specific to the affiliates' industry, and not when institutional changes are broad in scope and impacting the business group as a whole. Moreover, we find heterogeneity in search behavior among business group affiliated firms. The constraining forces more severely affect affiliates belonging to older and more diversified business groups. Furthermore, affiliated firms occupying a prominent position within the group or in the industry are able to bargain for and receive the enabling attention and support from the business group to undertake international search. Our findings have implications for research on the role of business groups in a changing institutional context and for strategic adaptation of firms embedded in complex organizational and institutional settings.

## **Speaker Profile**

Satyhajit R. Gubbi is currently an Assistant Professor at Faculty of Economics and Business, University of Groningen. His research interest includes International Business and Strategic Management. His research focuses on strategies pursued by firms located in the emerging economies. One dimension of his research attempts to understand how do these firms cope with the multiple challenges faced by these firms. The second dimension focuses on the strategies adopted by some of the firms from these contexts to become globally competitive--'the emerging multinationals'. He has Ph.D from IIM Calcutta in 2010 and B.Tech from IIT Bombay in 1992. He was awarded with Fulbright Doctoral and Professional Research Fellowship at Fox School of Business, University of Philadelphia in 2008.

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