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Silent Revolution: The Internationalization of Spanish Family Firms

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Abstract:
This paper deals with the role of family firms in the global economy. It does so by examining one of the most spectacular processes that has taken place in Europe in the last decades: the rise of Spanish multinationals. The internationalization of the Spanish economy has dramatically changed Spain's position in the world economy, and family firms, along with former monopolies and banks, have led the process. Roughly 500 of the 1,000 largest Spanish multinational companies are indeed family-owned and managed. Most of them were born and grew up within the limits of a relatively poor, isolated, and technologically dependent country. How did they become global players? Based on extensive empirical research on circa 150 historical and internationalized family firms, this paper seeks to explain the specific role and behaviour of family firms in late developed economies. It argues that the internationalization of Spanish family firms is the outcome of a very long learning process strongly influenced by the country's natural and human endowment, Spain's institutional framework, the persistence of distinct regional patterns of economic development and business cultures, the dominant role of foreign firms and technology, and the extraordinarily effective lobbying of family firms at local, national, and transnational levels. The paper presents for the first time solid data about the contribution of family firms to what some authors have named the "silent revolution" of the Spanish economy. A revolution that in the last decades has moved Spain from a peripheral situation to a first-class position in the world markets.[2]

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[2] The expression "silent revolution" was used by journalist Pilar Cambra in an interview with IESE president Jordi Canals (*Expansion* 14 July 2007: 12) when she asked Canals about the spectacular transformation of Spanish firms in the last decade.

Introduction

Globalization is changing not just the world we live in, but also the way we look at it. Recent scholarship on international business is a case in point. Driven by Anglo-Saxon empirical evidences and theories, scholars have focused for a long time on the economic reasons of outward Foreign Direct Investment (FDI), but over time the scope of their studies has broadened to include inward FDI, and non-orthodox factors like organization and culture.[3]

Historians started to study international business in a historical perspective and established a very fruitful dialog with applied and development economists since the late 1960s. Whereas international business history specialized in internationalization have quite convincingly explained why American and British firms went international and how they influenced their home and host economies.[4] However, this literature does not offer comparatively significant information about more peripheral countries, or about the way some companies acquired the required knowledge and contacts to operate abroad and bridged institutional, social and technological gaps. In this field, evolutionary and new institutional scholars with an interdisciplinary approach who pay attention to the role of informal groups in the modern, knowledge-based economy have provided a complementary theoretical framework which has influenced our study.[5]

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[3] Prominent examples of the former are, by alphabetical order, CAVES, R. E. (1996): *Multinational Enterprise and Economic Analysis*, Cambridge, Cambridge University Press; DUNNING, J. H. (1979):"Explaining changing patterns of international production: In defense of the eclectic theory", *Oxford Bulletin of Economics and Statistics*, November, pp. 269-296; DUNNING, J. H. (1988): "The eclectic paradigm of international production: A restatement and some possible extensions", *Journal of International Business Studies*, 19, pp. 1-31; DUNNING, J. H. (1993): *Multinational Enterprise and the Global Economy*, Addison-Wesley Publishing Company; HENNART, J. (1982): *A Theory of the Multinational Enterprise*, Ann Arbor, University of Michigan Press; HOUSTON, T., y DUNNING, J. H. (1976): *UK Industry Abroad*, London, Financial Times Books; HYMER, S. (1976): *The International Operations of National firms: A Study of Direct Foreign Investment*, Cambridge, Mit Press; KINDLEBERGER, C. P. (1969): *American Business Abroad: Six Lectures on Direct Investment*, New Haven, Yale University Press; VERNON, R. (1966): "International Investment and International Trade in the Product Life Cycle", *Quarterly Journal of Economics*, 80, pp. 190-207; VERNON, R. (1971): *Sovereignty at Bay: The Multinational Spread of US Enterprises*, New York, Basic Books. For an overview of the latter, see: BUCKLEY, P. (2003): *International Business*, Aldershot, Hants; BUCKLEY, P., and CASSON, M. (1976): *The Future of MNE*, London, MacMillan Press; CASSON, M. (2000): *Economics of international business: a new research agenda,* Cheltenham, Edward Elgar; CAVES, R. E. (1971): "International Corporations: The Industrial Economics of Foreign Investment", *Economica*, 38, pp. 1-27; DUNNING, J. H., and NARULA, Rajneesh (1996): *Foreign Direct Investment and Governments*, London, Routledge; JONES, G. (1996): *The Evolution of International Business*, London; JONES, G. (2005): *Multinationals and global capitalism from the nineteenth to the twenty-first century*, Oxford University Press; and NARULA, R. (1996): *Multinational Investment and Economic Structure. Globalization and Competitiveness*, London, Routledge.

[4] Mira Wilkins (1970). *The emergence of multinational enterprise: American business abroad from the colonial era to 1914*. Cambridge: Harvard University Press. Mira Wilkins, ed. (1991). *The growth of multinationals.* Aldershot: Edward Elgar. Geoffrey Jones (1986). *British multinationals. Origins, management and performance.* Aldershot: Edward Elgar. Geoffrey Jones (2002). *Merchants to multinationals. British trading companies in the 19th and 20th centuries.* Oxford: Oxford University Press.

[5] Particularly Mark Casson, Mark Granovetter, Mauro Guillen, Louis Galambos and Manuel Castells.

The increasing interdependence of the world economy has arisen new questions on the way (not just the reasons) FDI occurs, and the emergence of new investing countries and firms around the world has opened up new questions and alternative explanatory models of the multinational firm. The intellectual trajectory of John Dunning, one of the pioneering and most prominent experts in multinational firms, and author of the so-called eclectic paradigm, a comprehensive explanation of the advantages of foreign direct investment first developed in the late 1960s, is illustrative of this evolution.[6]

At the beginning of the 21st century there are well established notions of FDI. We know that there are distinct patterns of outward FDI, built on distinct business cultures and distinct technical and organizational capabilities, that tend to persist and produce long-term patterns of specialization. The same can be said of inward FDI. There seems to be a strong correlation between national business cultures (whether outward- or inward-looking, risk-friendly or risk-avert, individualist or collectivist, etc) and corporate strategies. Of course there are momentous changes in the institutional environment that influence and change culture, but cultural orientations change rather slowly. As pointed out by Geoffrey Jones, everything in this field is a rather cumulative process.[7] And the main explicative factors of FDI, as summarized by the same author, are technology and networking.

Recent contributions by sociologists concerned with economic development and organizations are of particular interests for business historians. As Mauro Guillén put it recently, the particular development path of a given country determines which kind of organization (whether family firms, state-owned firms, business groups, worker-owned firms, or MNE subsidiaries) prevails.[8] And the path of development depends to a great extent on inward and outward flows of investment, patterns of foreign trade, and access to domestic or foreign resources and capabilities. Whereas asymmetric conditions (such as those created by economic nationalism) tend to encourage local firms or groups to enter new industries by combining both types of resources, symmetric conditions (such as those created by trade liberalization) favour foreign firms.

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[6] With his concept of Investment Development Path (IDP), developed with co-author Narula, he stresses the fact that FDI is a dynamic and many-sided process that involves a great deal of learning. Thus developing countries that start as pure recipients of FDI eventually evolve in such a way that they (their firms) through various stages end up investing abroad. These stages are not necessarily those that well established firms went through since the mid 19th century. Geography and culture do shape the nature of FDI and MNEs. As it happened in the past with the United Kingdom and the United States, however, now the process involves a tight and dynamic relationship between exports and FDI. DUNNING, J. H., and NARULA, Rajneesh (1996): *Foreign Direct Investment and Governments*, London, Routledge.

[7] JONES, G. (2005): *Multinationals and global capitalism from the nineteenth to the twenty-first century*, Oxford University Press;

[8] GUILLÉN, M. (2001): *The Limits of Convergence. Globalization and Organizational Change in Argentina, South Korea, and Spain*, Princeton, Princeton University Press; GUILLÉN, M. (2005): *The Rise of Spanish Multinationals: European Business in the Global Economy*, Cambridge, Cambridge University Press.

This paper wants to contribute to a better understanding of the role of family firms in the global economy. It wants, more specifically, to provide arguments on the role large family firms have played in the transformation of late developing countries, where they have been flexibly connecting regional networks of people (consumers and producers) with foreign sources of technology and capital. It does so by analysing the internationalization process of Spanish historical family firms. Spain has been until 1997 a major receiver of FDI, and until 2007 the main destiny of public European funds for EU regional development. This situation has changed dramatically since 1997, as Spain has become a major foreign direct investor. This constitutes a relevant success considering the country's history of relative backwardness during the last two centuries, and also a sign of the dynamism of private companies: firms, probably anticipating the reduction of public funds for regional investment and development, have accelerated their investment abroad. Spanish regions are no longer the preferred markets and factories of large Spanish firms as protection and subsidies are severely cut down. The change in potential markets had led a change in strategies: more than ever Spanish large firms need to conquer world markets, and avoid unwanted and possible processes of foreign acquisition. Spanish firms have been performing in the last decade quite well in comparison with other European countries also affected by the same process, like Italy. Available data show indeed that almost 50 per cent of the 1,000 largest Spanish multinational firms are family-owned and managed.[9]

Economic studies on Spanish family firms insisted in the obstacles family firms met to increase competitiveness in the late 1990s, particularly their size, resistance to enter stock market or accept outsiders in the company´s ownership or management.[10] If this was true in the late 1990s then why and how large family firms in Spain managed to avoid institutional constraints and become global in only a decade? Why half of today's Spanish multinationals are family firms? Was family ownership or management the real problem, or it was rather changes in the outside "environmental" conditions the changing factor that moved family firms to adopt a more dynamic role? Were all kinds of family firms prepared to bridge the gap from the domestic Spanish market to the world markets? The paper presents some data and a few hypothesis from which to offer some preliminary answers to these questions. To start with data, we have gathered information for what we name. "Historical" family firms are defined here as those that have gone over at least one succession process, and are family-controlled through ownership and/or management. Family firms created in the last decades are thus excluded from our analysis.

Our hypothesis are: first of all, that family ownership and management is not per se an obstacle for growth and internationalization of a firm like neoclassical economists indicated in

[9] Authors' calculations on the ranking provided by *Fomento de la Producción* 1246 (2005).
[10] Vicente Salas and Carmen Galve (2003), *La empresa familiar española*. Bilbao: Fundación BBVA.

the past. International studies and the firms we study for the Spanish case tend to back this idea.[11] Second, that regional embeddedness and open attitude to foreign connections are key elements of their accumulated strenght throughout generations, as other authors have indicated for Britain, the Netherlands, Scandinavia, or Italy.[12] And third, that the competitive advantage of international family firms in late developing economies lies not only (or not necessarily) in the economic sector in which they specialize during a particular time period, but above all in their wise intergenerational adaptation to changing markets and changing institutional conditions.[13] Successful family firms in Europe are those able to change their specialization and market niches according to new needs, and maintain their central activities in the region of their ancestors.[14]

The following sections provide evidences to confirm these hypothesis from Spanish large historical family firms that have managed to cross borders and become multinationals.

1. The internationalization of Spanish firms in historical perspective

A major recipient of foreign direct investment (FDI) since the mid-nineteenth century, Spain has only recently become one of the world's ten largest capital exporters.[15] This

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[11] Harold James (2006), *Family Capitalism. Wendels, Haniels, Falck, and the Continental European Model.* Cambridge: The Belknap Press of Harvard University Press. David Landes (2006). *Dinastías. Fortunas y desdichas de las grandes familias de negocios.* Barcelona: Crítica. From a theoretical critical point of view, Mark Casson (1999) " ", Scandinavian Economic History Review

[12] Andrea Colli, Paloma Fernández Pérez and Mary B. Rose (2003). ""National Determinants of Family Firm Development? Family Firms in Britain, Spain and Italy in the Nineteenth and Twentieth Centuries". *Enterprise and Society*, 4, 1, pp. 28-64.

[13] This has been defined as a Flexibly Innovative Ownership Structure (FIOS) in Paloma Fernández (forthcoming) "The Bottom of the Iceberg. Innovation and Networks in Spanish Metal Industries", P. Fernández and M. B. Rose (forthcoming) *Innovation and Entrepreneurial Networks in Europe*. Oxford: Routledge.

[14] On this, James (2006), Landes (2006). For Spanish cases see Francesc Cabana, ed., (2006) *Cien empresarios catalanes del siglo XX*. Madrid: LID

[15] Durán was one of the authors who first approached the topic. See, for example, DURÁN, J.J. (coord.) (1996*): Multinacionales españolas I: algunos casos relevantes,* Madrid, Pirámide; DURÁN, J.J. (coord.) (1997*): Multinacionales españolas II: nuevas experiencias de internacionalización,* Madrid, Pirámide; DURÁN, J.J. (1999): *Multinacionales españolas en Iberoamérica: valor estratégico*, Madrid, Pirámide; DURÁN, J.J. (coord.) (2005): *La empresa multinacional española. Estrategias y ventajas competitivas*, Madrid, Minerva; DURÁN, J.J., and SÁNCHEZ, P. (1981): *La internacionalización de la empresa española: inversiones españolas en el exterior*, Madrid, Ministerio de Economía y Comercio; DURÁN, J.J. and ÚBEDA, F. (2002): *The Economic Capital And The Multinationalisation Of Spanish Export Firms. An Integration Of Resources Based Approach Into The Eclectic Paradigm*, Papel de trabajo 2.55, Centro Internacional Carlos V; DURÁN, J.J., and ÚBEDA, F. (2002): *La Marca y la Tecnología Tácita como Factores Determinantes de la Multinacionalización de la Empresa Exportadora Española*, Papel de trabajo 2.54, Centro Internacional Carlos V. The export strategy of Spanish firms has been analysed by Alonso. See ALONSO, J.A. and DONOSO, V. (1994): *Competitividad de la Empresa Exportadora Española*, Madrid, ICEX; ALONSO, J.A. (1998): *Competir en el exterior. La empresa española y los mercados internacionales*, Madrid, ICEX. Finally, Toral and Guillén are the authors with a greater impact outside Spain: TORAL, P. (2001): *The Reconquest of the New World: Multinational Enterprises and*

expansion has been accompanied by a spectacular rise in living standards, a consequence of both the industrialization that occurred during the 1960s and 1970s and Spain's entry into the European Union in 1986. Since 1992, a variety of Spanish firms, such as Telefónica, Repsol YPF, the Santander and BBVA banks, Inditex, and Ferrovial, have achieved global prominence, especially in Latin America. There are about one thousand Spanish multinationals; most are as little known inside Spain as they are outside of its boundaries. Interestingly, many of these have become globalized after decades in an environment of backwardness and international isolation.

Spain has been and remains a major host economy for international investment. Since the mid 19th century, the industrialization and modernization of Spain and Spanish firms has been strongly and positively influenced by foreign countries and firms. That Spain has been dependent from more developed nations is shown by the fact that, at macro and at microeconomic level, the country stagnated or went backward when it closed itself to foreign trade and investments (particularly between 1939 and 1959) and grew fast when it opened (from 1959 onwards). This reminds us two things: that Spain is a European (geographically as well as economically) peripheral country, yet that there have been substantial differences, rooted on economic policy, between this country and say Italy. A particularly relevant difference here is the absence of Spanish multinational firms until recent times.[16] One could thus say the sort of internationalization that has prevailed for much of the industrial age in Spain has been passive.

The long term evolution of Spain's foreign trade reveals the persistence of a trade deficit, first, and, second, Spain's strong dependence from four countries: France, United Kingdom, Germany and the United States.[17] The successive industrialization waves and political events and options explain much of the fluctuations of each country. The four of them make up for about 80% of Spain's international trade since the 19th century. The correlation between trade and FDI inward flows has been and remains tight. The distribution of incoming FDI shows, on the one hand, the delay and intensity of the second industrial revolution (hence the high concentration of foreign capital in the chemical and to a lesser degree steel industries), and the diversification occurred since the 1980s. Any ranking of Spain's largest firms, finally, makes the hegemony of foreign capital and entrepreneurship in Spain clear. Except during the

Spain's Direct Investment in Latin America, Ashgate; MARTIN, F., y TORAL, P. (eds.) (2005*), Latin America's Quest for Globalization: The Role of Spanish Firms*, Ashgate; GUILLÉN, M. (2005): *The Rise of Spanish Multinationals: European Business in the Global Economy*, Cambridge, Cambridge University Press. An interesting analysis from a historical perspective: VALDALISO, J. (2004): "La competitividad internacional de las empresas españolas y sus factores condicionantes. Algunas reflexiones desde la historia empresarial", *Revista de Historia Industrial*, 26, pp. 13-54.

[16] Of course there were some exceptions, like the car and plane manufacturer Hispano-Suiza, with factories in Barcelona and around Paris in the first decades of the 20th century.

[17] See Tortella (2000), The Economic Development of Modern Spain; MUÑOZ, J. *et al.* (1978): *La internacionalización del capital en España*, Madrid; Puig, Álvaro and Castro (2007) "Under Foreign Influence. French, British, German, and American capital and know-how in 20th century Spain" (unpublished manuscript).

period of extreme economic nationalism known as autarky (1939-1959), Spanish big business has been dominated by foreign companies.

The year 1959 marks a turning point in the economic history of Spain. With the assistance of international economic organizations, the Spanish dictatorial regime gave up its self-sufficiency project and started to liberalize the economy. This was a requirement to enter the European Economic Community. It took Spain 16 years (1970-1986) to achieve this goal. Hesitant and contradictory as it might have been, the first steps of the liberalization opened Spain's economy, fuelled inward FDI, and put pressure on domestic firms. Just an indicator: the degree of openness (X+M/GDP) of the Spanish economy has evolved from 8.8% in 1960 to 26% in 1985 and 64% in 2002. A visible effect of the new economic policy was the arrival of foreign multinational firms, whose relevance and focus on the strategic sectors of the second industrialization wave have been already discussed. A far less visible consequence, though, was the transformation underwent by those Spanish companies that, having been born, grown up, or learnt to deal with economic nationalism, choose to cope with the new rules of the game, consolidate their position at the domestic market, and go international.

One of the most remarkable outcomes of Spain's delayed liberalization has been indeed the emergence of multinational Spanish firms, particularly after 1986, when Spain formally joined the European Union. Most of the firms that have been studied so far seem to have gone international gradually (export-commercial subsidiary-productive subsidiary by means of alliances or not, eventually through mergers and acquisitions, usually starting in culturally and psychologically close markets and eventually diversifying geographically as well as economically), but there are some recent examples of accelerated internationalization experiences (the so-called born globals).

According to Guillén, Spain pursued an asymmetric nationalist-modernizing development strategy until the 1970s.[18] Business groups built around banks and some chemical and steel facilities on the basis of connections to the state and foreign partners flourished. Since the 1970s (EU integration prospects and severe industrial crisis), however, a new pragmatic-modernizing strategy was implemented that on the whole has reduced trade and investment asymmetries and weakened business groups and state-owned firms and has made foreign multinationals and small-medium firms stronger (as some capabilities have become obsolete).)

Membership into the EU fuelled inward but also outward FDI. Inward flows outpaced outward flows for a decade. Since the late 1990s, however, this trend reversed and, for the first time in its modern history, Spain exported more capital than it imported. With the ups and downs characteristic of this proxy, the trend has continued. The end of European funds sent to Spain for regional structural development during this year and the consequences it will have in a

[18] Guillén (2001), *The Limits of Convergence*.

significant reduction in wealth and employment in construction and services was indeed anticipated by large Spanish family firms a decade ago, when many decisively pushed their direct investment towards distant markets outside Europe.

To go international was a significant (and wise) change of strategy of large Spanish firms. This paper seeks to identify the main actors as well as the geographic and sectoral focus of this internationalization process from its very beginning in the early 1960s to the present day. There is little doubt about the identity of Spain's most international companies: former public or private monopolies and state-owned firms, banks, and industrial family firms. Along with foreign multinational firms, these are the main characters in Spanish business.

As regards the geography of Spanish outward direct investment: Western Europe and Latin America are its domain. Whereas physical closeness explains the former, culture (language and social know how) plus the opportunities brought about by massive privatization in the 1990s explain the latter. The interest of Spanish capitalists in Eastern Europe and Asia is rather weak though it is increasing its volume in the last years, as the number of public subsidies granted to private firms to reach those markets reveal[19]. In spite of the usefulness of the accumulated experience as Spanish firms had to make the transit from a very protected, non-competitive environment to a competitive economy. The United States, instead, are getting more attention, with Mexico as a sort of platform.

From the early 1960s to 1974 there was a tentative period where Spanish private, mostly family-owned firms explored close markets either in Western Europe or to a lesser degree in Latin America. Note that those firms with foreign links and partners had a comparative advantage. The interest for direct investment in Europe intensified from the mid 1970s through the mid 1980s due to the prospects of membership into the European Community after Franco's death in 1975. Spain's technological backwardness, the lack of commercial networks, and the poor reputation of "made in Spain" products and services were powerful disadvantages. The impressive development of mass tourism, Spain's smooth political transition, and last but not least the 1982 football world championship helped overcome them. 1986 inevitably marked the start of a new era. The influence of the 1992 olympic games held in Barcelona in the improvement of Spain's economic and corporate reputation is undeniable. Yet the watchword of the 1990s was privatization.

And the big opportunities arose in Latin America, not in Europe. In addition, the lower development stage of most Latin American countries made this continent the favourite place for Spanish investors to operate. Spain became the region's second direct investor after the United States and, as stated, outward FDI flows soared. The focus of Spanish firms on utilities and

[19] See the website of the Catalan department specialized in the promotion of Catalan investment abroad (COPCA). Also the number of firms visiting Europe Asia International Business School in Shanghai (promoted by the European Union and Chinese institutions and managed by IESE).

financial services is explained by the business opportunities created by privatization. One should not ignore, though, other fields opened to Spain-based companies, such as engineering, a field in which some Spanish family companies had earned good reputation in difficult markets (like the Fireproof Construction Company founded in the US by Rafael Guastavino around 1881, which operated with his son until the 1960s in New York, Boston, Philadelphia, and other US cities, or Torroja´s construction systems developed in the 1950s and 1960s –which had great reputation in Latin American engineering schools-).[20]

That concentration is risky became obvious by the turn of the century, as Argentina collapsed, financial crisis mushroomed, and populism threatened liberal democracy across the continent. Spanish capital turned its attention towards Western Europe, its natural domain, and increasingly to Eastern Europe and Asia. As we write this, the largest investors in Latin America (Telefónica, Santander, Respsol, BBVA, and Endesa) are going through a second wave of direct investments in this region. Nowadays, the focus of Spanish investment is in utilities, banking, construction and infrastructures, real estate, and engineering. Whereas emerging markets are extremely attractive for firms with accumulated experience in the transit from an intervened economy to a market economy, mature markets are the locus for high technology. Within the European Union we find both. And deregulation keeps on creating new opportunities across the world.

The main players in the recent changeover to internationalization are family-controlled and worker-owned firms, former state monopolies, and private banks. Spanish firms have been drawn into the global market over a long period of time, and the process has entailed the accumulation of intangible assets, such as marketing, brands, organization, and has strengthened the ability of these firms to execute projects. Guillén has argued that the comparative advantage of Spanish multinationals has been their success in acquiring intangible assets. Economists of family firms also stress that a key asset of family firms when compared with non-family firms are intangible assets like reputation or image, or ability to innovate or flexibly adapt to changing conditions.

How did Spanish entrepreneurs, historically accustomed to operating in a protected domestic market, and lacking proprietary technology, ventured so successfully into the world market? Guillén cites two enabling factors: the increased competition from foreign

[20] Rafael Guastavino was born in Valencia in 1841, though studied in Barcelona and studied and practiced architecture and engineering at the time of Modernism. He travelled and stayed in the US in 1881. The know-how he had on the use of tiles and ceramics was used to register several patents in the US, and built or renew some architectural landmarks like the building for immigrants of Ellis Island in N.Y. Guastavino´s son, also named Rafael, continued his father´s company. Today U.S. architecture and engineering schools teach Guastavino´s systems of construction as landmarks of US architecture. During Francoism another engineer, G. Torroja, initiated innovative methods of construction with concrete which spread to Latin American schools of engineering, thus creating a very good reputation of Spanish systems of construction during the 1950s and 1960s. We thank engineers L.M. Bozzo and his father M. Bozzo for bringing these two references to our attention.

multinationals entering the Spanish market after 1986; and the process of restructuring, mergers, and privatization that took place across the world, beginning in the 1980s. That deregulation has proved to be an excellent school for Spanish firms is apparent from their successful entry into utilities and services in Latin America. Historical research can help to explain and chronicle the long and painful learning process that went into the internationalization of Spanish firms as they entered into long-lasting partnerships with foreign firms, forged new brands and identities, launched new technologies, and turned to the national and regional governments to bail them out when they needed help.

The internationalization of Spanish firms is, on the whole, a success story, strengthening the idea, increasingly popular among Spanish historians, that Spain has finally become a *normal* country. Defenders of the normalization paradigm claim that a democratic institutional framework, combined with a healthy economy, have resulted in a creative business community. Guillén praises the soundness of the Spanish financial system, which surpassed expectations in weathering the crisis that swept across Latin America a few years ago. He also praises the ability of both entrepreneurs and bureaucrats to adapt to diverse and competitive environments, and he points to the contribution of business schools (most of which operate outside the public higher-education system) and of top managers. Even though the mature reactions of labor unions and the public response to the emergence of Spanish multinationals, anticapitalism persists in Spain and reminders of the poor reputation that continues to cling to Spanish services and products.

2. Family capitalism and the rise of Spanish multinationals

Broadly defined, family firms (FF) are companies that are either owned or controlled by the members of a family, who wish to transmit ownership or control of the company from one generation to the next. According to this, FF account for more than half of GDP and employment in most countries around the world. On the whole, economists of all persuasions have been sceptical of the potential of FF to compete in the global economy because of their inability to grow big enough to take advantage of technology and economies of scale. Also because of their reluctance to accept outsiders in management or ownership, which would make very difficult processes of growth and strategical change or organizational transformation.[21]

FF are said to have certain advantages in terms of personal incentives, commitment, royalties, reduced agency costs (to the extent that family members get along with each other), even altruistic behaviour. Also in terms of innovative character. FF, however, are frequently

[21] Galve and Salas (2003).

denigrated because of their alleged inability to attain enough scale to operate efficiently and to be technological leaders. They are trapped in a certain vicious circle: their limited ability to raise capital prevents them from growing and from acquiring or developing the best technology; insufficient scale and lack of leading-edge technology puts them at a cost disadvantage relative to firms with other governance structures; and higher costs and shrinking earnings make it hard for them to allocate enough capital to grow. Yet FF may turn into formidable competitors 1) by focusing on a niche market of sufficiently small size that a modest FF can operate profitably; 2) by competing on the basis of quality and product differentiation as opposed to cost; 3) by listing part of the firm's equity without the family losing effective control; and 4) by collaborating with other small firms in industrial districts or networks. Whether small or not so small, FF usually need to be more flexible, adaptable, innovative, and socially desirable because they spread wealth. So their disadvantages deal basically with scale and financial resources.

The most striking fact about Spanish FF is that they constitute a rising, internationally competitive sector of relatively small companies. In 2004, 44 of the 100 largest Spanish MNEs were FFs.[22] And the influence of FFs is growing in the Madrid and Barcelona stock exchange, one of the fastest growing of the world. Moreover, FFs are the dominating form of ownership, their influence is growing, and they control directly or indirectly 110 firms and circa 60 FF were listed.[23] This stands in stark contrast to the economic and business development (or its academic and political account) of Spain in the last two centuries. This is all the more interesting as FF (and small firms in general) had to struggle a lot in the 1960s (because of having to adapt to an increasingly liberal environment without having access to privileged financial circuits) and 1970s (because of the overall industrial crisis and of extraordinarily high borrowing costs). During the 1980s and 1990s, however, FF and S and MSF in general have thrived as state-owned firms have lost ground and foreign MNEs have established export-oriented operations in Spain, using small local firms as suppliers and transferring technology and know-how.

Some Spanish FF have established themselves in a variety of countries, mostly in the form of horizontal investments driven by their intangible assets (brands, technology) and forward vertical investments into distribution channels in foreign markets.

FF abound and are relatively small (only 6% employed more than 500 people back in 1998) in Spain. But many of them are doing extremely well in terms of technological development, marketing know-how, and international orientation. They are more prevalent in industries characterized by strong comparative advantages of location, namely metal working, textiles and clothing, leather and footwear, and wood and furniture (in these sectors FF represent over 40% of the number of firms).

[22] *Fomento de la Producción* 1246 (2005).
[23] Santana & Aguiar (2004).

Spanish F and non-FF differ in terms of their use of capital, labor, and production technologies. On the average, they are less capital intensive and have lower labor productivity and labor unit costs. Spanish FF fare well in terms of intangible assets. Large FF (>500) make a comparably stronger effort in R&D (even though they patent less) and advertising. Sophisticated FF abound in industries where Spain holds a comparative advantage (fabricated metals, industrial machinery, and transportation such as auto parts and railway equipment). Medium-seized firms (300-499) are usually more committed to their workers and spend more on training. In part due to their proprietary technology and brands, large FF in Spain are more export- and internationally oriented than their non-F counterparts (18% of them sell abroad, as compared to 11% of the latter, and they sell some 33% of their total sales). Interestingly, MS-FF tend to invest more in foreign production activities than larger firms, but invest less in distribution and sales subsidiaries. Spanish FF MNEs perform at strikingly similar levels to those attained by non-FF. Higher allocative efficiency in the use of resources compensates for lower scale efficiencies.[24]

3. The 146 Spanish largest historical multinational family firms

The core of this paper is a systematic analysis of circa 150 Spanish family firms. They were, according to our on-going study, the largest historical multinational Spanish family firms by the end of 2005. It is important to note that the firms included in our sample were not just family owned or managed, but met the following requirements: 1) they were large, that is they declared a yearly turnover of at least 40 million €; 2) they were historical, that is had underwent at least one succession process, meaning that members of the younger generation held executive positions, even if shared with members of the senior generation; and 3) they were internationalized, meaning that they had either production or commercial subsidiaries abroad. So far we have identified circa 300 family firms with a turnover of more than 40 million €. 207 of them are historical according to the definition provided above, and 146 are historical and internationalized. 44 of these firms are among the 100 largest Spanish multinationals. Understandably, the reasons of success, longevity, and internationalization of large Spanish family firms overlap more often than not.

Since there is no single publication that lists our firms, and the most important associations are extremely secretive about the identity of their members, there has been no other way to identify them but to screen the 2005 issue of two standard business rankings (Actualidad Económica and SABI), the historical volumes of Anuario Financiero y de Sociedades Anónimas

[24] Galve and Salas (2003).

(AFSA), and a large number of corporate web pages and periodicals. At different stages of our research we have been kindly helped by colleagues with a deep knowledge of Spanish business history at regional level as well as by the Instituto de la Empresa Familiar (IEF) and various of their regional associations.[25] The result is shown in appendix 1. Once identified the firms, we have systematically looked at their regional distribution, date of creation, specialization, and growth and internationalization strategies. Our ultimate goal is to understand why and above all how Spanish family firms, most of them born and grown up within the limits of a relatively poor, isolated, and technologically dependent country, have gone international.

Family firms are main actors in the Spanish economy of the 21st century, as noted in the previous section. But family capitalism is above all a Catalan phenomenon. Indeed, 55 (37.67%) of our firms were born and frequently remain deeply embedded in Catalonia, the cradle of the Spanish industry. It is therefore no wonder, as we will see later on, that most of the family firm collective action originated in this North-Eastern part of Spain. The family firms we are focusing on are also present in Madrid (21), Valencia (11), Andalusia (10), the Basque Country (9), Aragon (7), Northern Castile (7), the Balearic Islands (6), Galicia (6), Southern Castile (5), Rioja (3), Asturias (2), Murcia (2), Cantabria (1), and Navarre (1). Historians of family capitalism tend to argue that the tradition of one-heir explains a great deal of the intensity and/or survival of family firms.[26] These ideas could have been helpful to understand transmission of family wealth and family survival while the Spanish economy was rather backward and isolated in the world. However, as Spain has fully integrated in world markets, regional inheritance traditions have lost their power to understand family firm survival and success: one-heir traditions have not avoided the collapse of Basque metal firms or Catalan textile firms. And equalitarian traditions have not stopped the growth of powerful Galician firms like Calvo in the canned food industry. The accumulation of capital and resources needed to finance stable internationalization processes in the last decades need other reasons to be understood.

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[25] The work recently edited by GARCÍA RUIZ, J. L., and MANERA, C. (editors), *Historia Empresarial de España. Un Enfoque Regional*, Madrid, Lid Editorial Empresarial, offers extensive and valuable information on the evolution of firms at regional level. Catalonia is approached by PUIG, N. (2006): "La empresa en Cataluña: identidad, supervivencia y competitividad en la primera región industrial de España", in García Ruiz and Manera, pp. 29-58. The biographies of Spanish entrepreneurs published since 2000 also provide valuable information on our topic: TORRES VILLANUEVA, E. (2000): *Los cien empresarios españoles del siglo XX*, Madrid, Lid Editorial Empresarial; VIDAL, J. (2006), *Cien empresarios valencianos*, Madrid, Lid Editorial Empresarial; CABANA, F. (2006), *Cien empresarios catalanes*, Madrid, Lid Editorial Empresarial; TORRES VILLANUEVA, E. (forthcoming): *Cien empresarios vascos*, Madrid, Lid Editorial Empresarial; TORRES VILLANUEVA, E. (forthcoming): *Cien empresarios madrileños*, Madrid, Lid Editorial Empresarial; PAREJO, A. (forthcoming), *Cien empresarios andaluces*, Madrid, Lid Editorial Empresarial.

[26] Paloma Fernández for 18th century Cádiz, and Javier Moreno for 19th and 20th century Castile have both argued that equalitarian traditions promoted patrimonial dispersion of wealth. Catalan historians Jaume Torras, Llorenç Ferrer or Angels Solà have shown that one-heir traditions in Catalonia fostered concentration and transmission of family wealth between generations, and financial support for economic diversification within families.

The date of creation of the firms included in our sample is relevant to understand the process of accumulation of capabilities that have led so many firms to cross borders in recent times. Table 2 informs us that 66 (45%) of our firms were established before the Spanish civil war (1936-1939), whereas 73 (50%) were created between 1940 and 1975, and only 7 emerged in post-Franco Spain. Our methodological choice explains to a great extent the scarcity of young firms. What is interesting here, however, is that so many pre-war firms (and entrepreneurial families) have survived. Moreover, roughly one fifth of the 146 firms are in the third or further generation.

Whether in the second or in further generations, most of our firms have dealt with dramatically different institutional frameworks. Of particular relevance were the civil war and the two extremely nationalistic decades that followed under Franco's dictatorial regime. They did not only suspended the full implementation of the second industrial revolution, but created severe disruptions in the Spanish economy, a topic largely explored by Spanish economic historians, particularly those concerned with the industrialization.[27] The effects of Franco's policy on family capitalism were related above all with the public intervention of inputs markets, the dramatic fall of foreign trade and investment, and the emergence of privileged state-owned firms in strategic sectors. Such policy encouraged family firms either to specialize on their own on non strategic sectors or to look for alliances with local or foreign groups in order to work in strategic sectors. Both alternatives had the domestic market as main scenario, but eventually firms working in non strategic sectors could make small expeditions into the international market.

Let us make some brief comments on tables 1 and 2. In Catalonia, the number of firms founded before the Spanish civil war amounts to 28, many of them having been born in the 1920s, a period of economic growth and confidence very much related to Spain's neutral status during the Great War and the take-off of the second industrialization wave in Spain. 15 firms were born in the mid of the long and dismal post-war period. The remaining 11 are an offspring of the liberalization and accelerated industrialization that took place in the 1960s and early 1970s. These data reflect the overall impact of Spain's relative backwardness, persisting protectionism, technological dependence, and comparative advantages of the Spanish firm. Yet they also reveal that many of the firms have been able to learn and to adapt to a changing and increasingly competitive environment, by creating successful brands, going international, and generating knowledge. This is remarkable in the food and beverages industry, the dominant specialization of Catalan firms.

In Madrid, the economic policy of early Francoism had a clear impact in the transformation of the Spanish capital into an entrepreneurial center. It does not only explain the

[27] Comín & Martín Aceña 1991, San Román 1994, Carreras & Tafunell, 1997.

proliferation of state-owned firms and the intensification of foreign direct investment (particularly American), but also the development of local family capitalism, very often associated with American firms. The growth of Madrid very much encouraged those groups linked to construction, distribution, and communications. It is true that a few venerable firms that managed to cope with the new rules of the game and survive: the construction firms FCC and Acciona, formerly Entrecanales Tavora, the conservative newspaper ABC-Vocento, the beer manufacturer of French origin Mahou, and the matress manufacturer Flex, along with many other companies that in recent decades have been acquired by either national or foreign groups and do not appear in our tables. But the bulk of the surviving firms were founded in the long Spanish post-war, some of them in association with foreign firms (Técnicas Reunidas, Indas, Zeltia) or strongly influenced by them (El Corte Inglés, Ferrovial, Cortefiel, Talgo. Aside from the overall influence of American firms in Madrid, that has been positive and negative for indigenous family firms, there are two interesting influences: that of Basque and Latin-American immigration (traceable in Talgo, Eulen, El Corte Inglés, Prisa, Prosegur, and Sigma).

The landscape in Valencia has changed dramatically in the last two decades. A traditional industrial region dominated by family firms, Valencia is still suffering the effects of a strong de-localization process of labor-intensive industries that has pushed many family firms either to sell or to close down. The surviving firms reflect above all the modernization of the Spanish society after the 1950s and the recent and successful specialization of firms (in the Castellón district) in a niche industry, ceramic. A chocolate manufacturer, Valor, and a powerful group of formerly cement manufacturers turned venture capitalists are the only remnants of Valencian pre-war family capitalism. In Andalusia, historical family firms include some of the most venerable and best known manufacturers of Sherry and other alcoholic beverages (many others have come under the umbrella of large multinational groups like Diageo), an activity that linked many Spain-based firms with the world markets as early as the 18th century. Oil and canned food also made their way into the international market in the late 19th century, but it is in newer activities such as engineering, real estate, and construction where enterprising families have succeeded in the second half of the 20th century. An economically declining region in spite of its huge tourism assets, Andalusia still hosts five pre-war firms. There is no doubt that the dismantling of traditional industries that has taken place in the Basque Country after the 1970s crisis has changed its entrepreneurial landscape. Once a stronghold of the Spanish steel and iron industry and financial capitalism, the Basque Country keeps much of the excellent human capital at managerial and workshop levels that made it achieve the highest income and welfare levels in Spain, but the combined effects of industrial transformation and ETA terrorism have worked against family capitalism. Accumulated capital and families persist, but many of the latter have either fled the region or sold their firms, and the remaining entrepreneurial families try to keep a low profile. Our table shows that 7 of 9 historical family firms were founded in the pre-war, whereas two other firms were created in the 1950s and 1960s. The chronology of Aragon's family firms is similar to that of Catalonia. In those regions with a strong agricultural profile, (Galicia, Castile, Navarre, Murcia, and Rioja) we observe a similar path, even though post-war firms predominate in Castile. In the Balearic Islands, finally, both pre-war and post-war firms have succeeded in adapting to the dramatic transformation of the local economy led by tourism (and assisting other developing economies to do so in the last decades).

Chronology and specialization are tightly linked. If we look at the fields where Spanish multinationals are succeeding, we state that Spanish historical family capitalism is only absent from utilities. Otherwise, it operates in the same fields as the bulk of Spanish multinationals, historical or not: construction-related activities, chemicals and pharmaceuticals, textiles and footwear, tourism-related activities, engineering, and communication. One could add to these 7 dominant fields real estate (increasingly linked with construction), logistics, metal, and trade of minerals. What is interesting is that family firms are over-represented in the top seven sectors.

It is remarkable that 46 of our 146 firms are manufacturers of food and beverages. They are dominant all over the country, and many of them were early and successful explorers of the international markets on the basis of the country's natural endowment. The accumulated experience since the 17^{th}-18^{th} centuries in alcoholic beverages was followed by the development of commercial skills and brands since the late 19^{th} century in this and other products (oil, canned food, perfume, drugs). Some regions specialized in competitive products since the 17^{th} century, and adapted to the evolution and consumer changes of the world markets until the 20^{th} century, like Catalonia, Andalusia, and La Rioja, well before the integration of Spain in the EU. The year 1986 was undoubtedly a fundamental year in the evolution of the Spanish food industry, as the European market removed their ironed barriers to Spain's products. French and Italian agricultural producers imposed severe restrictions on the production of some traditional agricultural products, which increased the destruction and renewal of firms in Castile, where multinationals started to buy and impose their brands. However, some Spanish producers of alcoholic beverages and food started to use branding and professional marketing strategies, and reorganized the firms to increase their participation in foreign markets (Borges, Carbonell, Agrolimen, Chupa Chups, González Byass, Codorniu, Freixenet, Osborne). Few economists did realize another important factor that gave a strong impulse to Spanish internationalization: the spread of the Spanish diet with the Spanish emigration of the 1960s to Europe and Latin America, which as in other historical cases of emigration meant the creation of new firms abroad specialized in the provision of food and beverages for the new immigratory market. The tourist boom of Spain during the golden age of growth and until our days (60 million tourist visitors in 2006) has only reinforced this trend, with an increase in the potential market for Spanish food and beverages in the world.

Construction-related activities, to which one could add real estate (and also tourism-related), comes second as the dominant specialization of Spanish family multinationals with 18 firms, 12.32%). Few venerable firms remain in a business that is at the heart of the two Spanish economic miracles (the first in the 1960s and the second from 1986 to the present), in which intangible knowledge counts much more than technical innovation, and where Spanish firms are succeeding all over the world, but particularly in developing countries.

It may be surprising that so many Spanish family firms have stayed in the highly scientific realm of chemicals and pharmaceuticals (17 firms, 11.64%). Grown up under a strong foreign influence before or after the Spanish civil war, these companies underwent a successful transformation in the 1960s that helped them face increasing international competition by keeping their hegemony in the domestic market and looking for profitable niches in the world markets. In the case of pharmaceuticals, effective lobbying, commercial skills, and the dramatic demographic and economic changes that have taken place ever since are crucial to explain the successful development of this industry.[28] The same is true for perfume and cosmetics.[29]

The textile and leather industries had also a long and respectable tradition in Spain. 9 family owned firms have survived the deep changes underwent by an industry that has become both global and dominated (if not under the tyranny) by fashion designers. As in many continental European countries, in Spain the textile industry became the symbol of the industrial revolution and the object of a passionate debate of political economy for much of the 19th and well into the 20th century. The fact is that hundreds of (mostly family owned and managed) firms grew up within a protective framework that until 1898 reached Cuba and Puerto Rico. Catalonia was the centre of the Spanish textile industry, and so Catalan capitalism was closely linked to this particular industry, even though since the early 20th century there was a widespread tendency to diversify investments in other, newer activities. The industrial crisis of the 1970s hit hard the textile and thus the Catalan industry as a whole. This is an extremely interesting story that we do not know in depth yet. It seems, however, that with the assistance of the Spanish and Catalan Administration, a transformation took place. Thus most of the human and financial capital previously invested in this industry (and other related industries, from machine-building to commerce) the industrial landscape did not get lost, but was reinvested in new activities (so the Catalan bourgeoisie experienced its second great diversification). The story of the footwear industry is a different one. Quite atomized, it was and remains concentrated in the Mediterranean regions of Valencia and the Balearic Islands. Spanish footwear soon looked at the international market, particularly the American. After World War

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[28] PUIG, N. (2003): Bayer, Cepsa, Puig, Repsol, Schering y La Seda. Constructores de la química española, Madrid, Lid Editorial Empresarial.
[29] PUIG, Núria (2003), "The Search for Identity: Spanish Perfume in the International Market", *Business History* 45/3, pp. 90-118.

II, exports soared and a few manufacturers grew and modernized remarkably. The impact of globalization is not yet clear, but there are already signs that the survivors will focus on quality and design. One of the most fascinating developments is that of the Fluxà family in Mallorca, who successfully diversified from the shoemaking industry to tourism and hotels during the 20th century

Our data include also large historical family firms tourism-related (7). There are thousands of family businesses keeping Spain's first industry going. Mass tourism developed in Spain from the late 1950s under a strong European influence. The overall backwardness of the country plus the drive of foreign tour operators explains that domestic groups do not dominate this important activity. In the last two decades, however, a number of family groups have reached important positions in the domestic as well in the international market. In a strategy that resembles the strategy of other investments in Spain in the 1980s, private investors interested in the real estate speculative drive realized the low prices of old buildings located in strategically situated places of the world where the price of the urban location widely surpassed the real value of the buildings. For many Spanish investors it has been an interesting investment to buy and redesign, or build hotels and tourist- related establishments: while selling tourist services very much in demand in the short run it was at the same time a long-term investment in real estate. Historical family firms are concentrated in the Balearic Islands, and they are the outcome of the diversification strategy of the local industrial bourgeoisie.

Our sample also includes engineering (6) historical family firms. One of the most strongly internationalized sectors in 21st century Spain, engineering has become a highly interesting niche for Spanish family capitalism. The capabilities acquired during the first Spanish miracle with the assistance, once more, of foreign firms (European as well as non European), underlie the dynamic development of this industry, widely dominated nowadays by foreign multinationals and by Spanish family owned and managed groups (two of them listed in the Madrid stockmarket).

Our table also has 5 firms in publishing-communication. The fact that Spain exhibited until the mid 20th century one of the lowest literacy and reading levels in Europe did not hinder the rise of a remarkable, mostly family owned and managed, domestic publishing industry in pre-war Spain. An on-going research by a collective team lead by Jan Luiten Van Zanden about the book industry in the world has indicated the very significant medieval tradition of printers Spain had, which continued during early modern times despite the Inquisition. Angels Sola is now finishing a research about the impressive number of printers the city of Barcelona had before the 20th century. This accumulated knowledge was indeed important to understand the rise of a powerful publishing industry in Spain during the 20th century. The lack of an important domestic market pushed many entrepreneurs towards the Spanish-speaking Latin American markets during the age of the Empire and during the 19th century. This tradition was inherited by 20th century publishing firms. Consisting of a few large vertically integrated groups and a great number of small publishing houses, this industry soon expanded in Latin America on the basis of a cultural advantage that still persists (and has extended to the US). As we will see below, this is one of the most stable international sectors of the Spanish economy and family capitalism.

Less powerful but still with significant companies, we also should mention the car manufacturing industry, central to the astounding growth of the Spanish economy since the 1960s, that has only given rise to two family –and prominent- multinationals: Ficosa and Antolín. The tradition of car manufacturing before the civil war was important in some cities, particularly in Barcelona with Hispano-Suiza and Elizalde, but Franco´s dictatorship did not allow the existence of independent private car manufacturers, and only entrepreneurs and companies in car auxiliary industries could develop.

4. Internationalization paths and strategies of Spanish historical family firms

The internationalization of Spanish family firms was strongly fuelled by Spain's membership into the EU. In this, as in many other regards, 1986 marks a turning point. With Spain's full European integration, some of the most developed markets of the world were made accessible for Spanish manufacturers, certainly, but the barriers that had kept competitors out of the domestic market fell definitely as well. As tens of firms, whether family owned or not, marched more or less triumphantly overseas or across the Pyrenees, therefore, hundreds closed down or were sold to foreign or national groups in the years to follow. It could be argued that the change of the rules of the game was expected since 1959, so that the most aware and ambitious firms had had enough time to get prepared.[30] What is interesting is that in Spain firms responded with striking cohesiveness to actual or expected challenges. That so many firms decided to go abroad simultaneously is rather the result of organized efforts of large ambitious firms and ambitious governments which opted for subsidizing the internationalization of Spanish firms.

Back to our tables, we see that just 9 of our 146 firms went international before the Spanish civil war. Many of them were in the food and beverages business, what means that they had previously created stable commercial networks in the world markets that made their managers confident enough to make direct investments. Needless to say, some of those investments went lost during and after the Spanish war. Some of the most international entrepreneurs, for instance, flew the country. But the advent of the Second World War in Europe and the implementation of nationalistic policies in Latin America pushed them to come

[30] One can trace down the frenzy of the time just by browsing trough the thousands of studies and documents prepared and published at industrial level from the late 1950s through the 1970s.

back. Others chose to stay overseas. So on the whole the accumulated experience remained. Moreover, the historical research we have undertaken reveals that a large number of early explorers of the international market that did not survive were at some point acquired by groups that do form part of our sample and have thus been able to benefit from that experience. As we acquire more complete information about the formation processes of the largest surviving firms, we will see this idea confirmed.

42 further firms managed to internationalize between 1940 and 1986. The 1960s were particularly fruitful, due to the implementation of an effective plan to liberalize the Spanish economy (that definitely buried Franco's autarchy dreams) and to the remarkable growth registered in those years and known as the Spanish miracle. The fact that foreign investment soared did also fill domestic entrepreneurs with confidence. Particularly those that had already built an export basis, enjoyed the rare privilege of travelling abroad (in search of markets, know how, machinery, raw materials, or inspiration), worked in technologically intensive (and thus dependent) industries, had experience working with foreign partners (as partners or customers), or were somehow related either to the emerging business of tourism or the massive Spanish emigration that took place from the late 1950s through the early 1970s. Those were years of confidence, indeed, but also of cautiousness. Only a handful of firms made risky moves such as the acquisition of a successful foreign firm (1970 Ferrer in Germany). What is important though is that practically all of them tried hard to modernize at an early stage for Spanish standards. So most of our firms hired consultants to rise the productivity of their employees at workshop and then also at office level, invested in marketing and advertising, sent their top managers to the newly created business schools, and in short participated in the crucial change that was taking place in the Spanish economy as it became less domestic market-oriented and more world market oriented.

The remaining 95 firms did only go international after Spain's full integration into the European Union. This crucial event accelerated three trends: 1) the definite surrender of many domestic firms to either national or above all foreign firms (a very sweet surrender, as the latter usually paid handsomely); 2) the rise of domestic leaders in various sectors, that implied a remarkable concentration process in a highly fragmented market; and 3) the search for growth opportunities abroad. The firms of our sample grew on these three strategies, which on the whole suggest that Spain's entry into the Common Market put family firms on the defensive.

The diverse internationalization paths and strategies of our 146 firms have been summarized in table 3. The factors we have taken into consideration are the following:

1) Creation or expansion of an <u>export basis</u> that make the firms familiar with other markets (in terms of demand and marketing techniques: hegemonic in the food&beverages industry). Without or with a more or less sophisticated commercial network abroad.

2) Establishment of <u>joint ventures or technological assistance</u> agreements <u>at home</u>.

3) Establishment of joint ventures abroad (here the learning experience acquired at home is highly interesting, since the one that holds the initiative is the one with a highest level of technology, note however that countries like China only accept joint ventures).
4) Acquisition of full control of Spanish-based joint ventures (with the technical and commercial learning it implies).
5) Acquisition of foreign firms as platform for further growth.
6) Direct investment (establishment of productive subsidiaries).
7) Strategic alliances (a rather new strategy in R&D intensive sectors such as pharma).
8) Participation in public bids to obtain concessions (the new face of the old private monopolies, a requirement in sectors such as utilities, construction, urban services, engineering, etc, Spanish firms excel here). These strategies help to understand the geographic patterns of Spanish family firms FDI, a quite interesting topic we do not approach in this paper.

As we tracked down the internationalization processes of our groups we realized that there are two additional factors at work. One is the role played by immigration. The most visible cases are Indo, Pronovias, El Corte Inglés, Mahou, Prosegur, Sigla, González Byass, Osborne, Minersa, Erhardt, and Vidrala, founded either by foreigners or by Spaniards with a strong foreign background. The other and more important is the strong commitment of most of our firms with the collective defence of their interests at national, regional or industry level. Of particular relevance has been and remains the Instituto de la Empresa Familiar (IEF), created by a group of Catalan firms in 1992.[31] The IEF is closely linked to the business school IMD and the Family Business Network, on the one hand, and to IESE, not only a leading and internationalized business school but also the first to establish a chair on family firms in 1987. The Spanish institute IEF has influenced the shape of the tax and legal framework of family firms, so that Spain has become a country with a very favourable setting. So much so that IEF has backed the European lobby of family firms, GEEF (year). 29 of our firms have either been founding members or held directive positions in IEF. Most of them belong either to IEF (whose membership is limited to 100) or to its different regional branches. As our on-going research indicates, many of the most relevant firms keep a stable relationship with IESE. And most of the firms are active members of their respective branch association at regional and national level. Another recent sign of the strategy of association *inter pares* used to achieve global goals in the global markets is the creation of Calidalia, the association of the most internationally-oriented food and beverages manufacturers. So much for the visible action of family firms (we are sure that there has been quite a lot of invisible pressure, especially in Catalonia during and after the industrial crisis of the 1970s).

[31] Instituto de la Empresa Familiar (2004): *Los diez primeros años del IEF*, Madrid.

Collective action, therefore, has played a much more important role in the Spanish case than what theorists of international business point out (if at all). In his 2005 book, Guillén states that Spanish firms (whether family owned or not) have done much more to enhance Spain's international image than the country's foreign policy. It is clear for us that Spanish family firms have strongly contributed not only to this enhancement, but to the overall modernization of the Spanish economy and society. Have they also helped to enhance the image of made-in-Spain goods and services? An extremely interesting lesson from our research is that this undeniable problem (the rather bad reputation of Spanish goods and services) has led Spanish firms to look for alternative ways to sell them in the international market. Depending on the branch, period, and foreign market (on the whole Latin America has been easier than more advanced countries), they have either exploited Spanish romance, or hidden under foreign names and partnerships, forged Mediterranean, European, or global identities, or avoiding the issue through a highly neutral and technocratic behaviour. How many people do know that Zara is a Spanish brand? Even more important than these peculiar branding strategies, however, have been the apparently successful efforts to find new ways to define and defend their interests worldwide. Our paper confirms therefore Castell's idea that, in order to cope with the ongoing globalization, firms are redefining their interests and identities across the world. Spanish family firms have joined late yet strongly this fascinating process of global identity-creation.

Conclusions

In this paper we have examined one of the most spectacular processes that have taken place in Europe in the last decades: the rise of Spanish multinationals. This process, led by family firms, along with former monopolies and private banks, has changed dramatically Spain's position in the world economy. Family firms play a dominant role in Spain's fast growing economy. Indeed, 25% of the 100 largest firms in Spain are family owned or managed. Their influence is increasing as they go international or internationalize further, and either go public or strengthen their position in the Madrid stock-exchange. The most striking fact is that a great number of the surviving family multinational firms were born and grew up within the limits of a relatively poor, isolated, and technologically dependent country. In order to understand how they did become global players and when and how they did acquire the tangible and intangible assets they are relying on to internationalize, we are conducting an extensive empirical research on circa 150 historical and internationalized family firms, defined as those that by the end of 2005 were family owned or managed, had gone over at least one succession process, were internationalized, and had a turnover of at least 40 million euros. The total number of historical family firms is circa 200, out of roughly 500 firms with the above mentioned turnover.

We have argued that the internationalization of Spanish family firms is the outcome of a "silent revolution", the result of a very long learning process that has been visibly influenced by the country's natural and human endowment and the opportunities created by the changing institutional domestic environment, and the ongoing globalization process.

Among the internal and external factors that influenced the conquest of world markets by historical and large Spanish family firms we have stressed:

1) Spain's institutional framework and historical choices of economic policy. As elsewhere, in Spain family firms found the domestic market as their first step in their learning process, which took longer than in other neighbouring countries due to the unstable and comparatively backward (in Western European terms) institutional setting. Only when institutional rigidities were lift up the learning process went faster, and firms designed strategies to go to more distant foreign markets, maximizing at this stage their accumulated experience and know-how.

2) The persistence of distinct regional patterns of economic development and business cultures. As in other European countries, in Spain it is at the regional level where enduring family firms do find their strength, as family owners design their survival and succession strategies in order to transmit their business legacy to heirs located in the region of their ancestors. The region is where their offspring will have to live with their families and develop the central activities of the firm, and so large family firms do invest in appropriate regional environments where these offspring will find support in the future like sector associations (cava in Penedés, CEAM in metal industries, Calidalia in food and beverages,etc.), university chairs, private business schools, financial institutions regionally-based (the savings banks), consultants, and political parties (providing infrastructures, designing a welfare state to have a good workforce, protecting regional tax privileges and lobbying in Brussels).

3) The dominant role of foreign firms and technology in modern Spain, which accounts for a great deal of the learning process, as many of the analysed firms acquired their know how by working closely with foreign firms in the domestic market. Yet enduring technological dependence also explains the relative scarcity of proprietary technology among Spanish multinationals (even though various studies reveal that family firms spend on the average more in R&D than non family firms in Spain, and Spanish multinationals are growing in some technologically intensive niches, renewable energy and the like, apart from pharmaceuticals and biotechnology).

4) The extraordinarily effective lobbying of family firms at local, national, and transnational level. In the last decades these firms have realized that, in order to cope with the ongoing globalization, they have to redefine their interests and identities beyond regional and Spanish boundaries. Multinational family firms of the world are getting together through the "Family Business Network" to define common interests and strategies in a globalized market.

The Catalan case shows quite convincingly that the success of Spanish family firms (measured by their ability to live long and compete in the international market) is a complex phenomenon that requires a complex explanation in which the factors mentioned above have played a role. 56 of the 146 firms included in our sample are based in Catalonia. It is true that the one-heir tradition, by concentrating wealth in a few hands, kept during early modern times and well into mid 20th century the family property from generation to generation, while at the same time promoted the diversification of the activities of those relatives not selected as the main family heir. However, fewer and fewer familiesare sticking to it. In addition to this, in Catalonia there has been a marked propensity to diversify investments and economic activity in trade, manufacturing and agriculture since the early modern times, as Pierre Vilar long ago noted in his classical study, and Jaume Torras and his disciples have confirmed in recent times. The combination of adequate institutional arrangements and rising international demand of alcoholic beverages set in motion a virtuous process of economic growth in this North-Eastern region of Spain. As more and more of the capital created around the wine and liquor business was invested in the textile industry, Catalonia became a sort of “little England” and the flagship of the first industrial revolution in Spain. The development of a commercialized agriculture, an international trade, and the emergence of modern textile industries increased population and urban growth, which at the same time created new demands in other sectors like papermaking, cork, glass, leather, soap and oil industries, shipbuilding and metalmechanic manufacturing.[32] The existence of regional institutions of government, culture and education since the Middle Ages until the early 20th century, and then again with the return of a democratic system after Franco´s death in 1975, was another difference of this region in comparison with the rest of Spain, which reinforced links between public administrators and private firms during centuries, in a way that was difficult to see and practice in other more rural regions ruled by aristocratic landlords until recent times (like Andalusia, Galicia, Extremadura, and Castile). The tradition of relating public policy and private interest, so much praised in modern textbooks about innovation and competitiveness, was long established in Catalonia, and this was indeed an accumulated capital for the region and its family firms. This process created or deepened existing differences between Catalonia and other regions that were to play a relevant role in the country’s economic progress over the next centuries. We have indeed stated that in other regions family firms specialized strongly in specific industries of the first and second industrial revolutions and suffered thus more intensely the effects of either economic cycles or foreign competition. It was the case of the industrial crisis that has swept the Basque Country and Andalusia in the last decades or the successful takeover of the Andalusian and Castilian food industry by American multinationals. In contrast, Catalonia has kept a much more diversified

[32] J. Nadal, dir., *Historia Econòmica de Catalunya*. Barcelona: Enciclopedia Catalana. J.Nadal, dir., *Atlas de la industrialización española*. Barcelona: Crítica-FBBVA, 2003.

and flexible entrepreneurial structure in terms of size and specialization. This fact explains that a relatively large number of entrepreneurial families have been willing and able to seize the opportunities created inside and outside Spain over the past centuries. Lobbying has been crucial as well. And it speaks for itself that the organization of the interests of Spanish family firms has been led to a large extent (and very effectively) by a group of Catalan firms. They already had international experience and contacts, on the one side, and the strong support of the regional government, on the other. Indeed, there has been a broad consensus in post-Franco Catalonia related to the defence of local small and mid-sized firms and the privileges given to La Caixa, a peculiar savings bank and industrial holding that has helped to keep Catalan firms going in happy as well as in troubled times.[33] Furthermore, institutions such as the business school IESE, founded in Barcelona in 1958, the many more or less formal Catalan clubs that exist around the world, and a public institution aimed to promote the internationalization of Catalan firms, COPCA, have given support to the success story examined in this paper. Long before that, however, the most outward-looking Catalan family firms made their best to defend their interests jointly inside and outside Spain.

The Catalan case may be an exception or a singularity in Spain, with its high concentration of diversified and internationalized large family firms. If we see the list of large historical Spanish family firms in 2005 the result is that the dominant activity is food and beverages, construction, and tourism. This seems to confirm pessimist views about the future of Spanish competitiveness, related to labor intensive and apparently little knowledge-intensive firms. However, a comparison with other countries, and a deep understanding of the recent transformations of mature sectors in the global economy indicate Spain is in this landscape very dynamic and similar to other leading economies. The UK, or Italy in Europe, and China and Japan in Asia have some of the largest world companies in these labor intensive sectors.

The rapid and apparently recent internationalization of Spanish large firms is not a peculiar case of internationalization. As far as our research shows, large family firms are doing exactly what other large family firms did before in the US, the UK, Italy, or Scandinavia back to the 19th century: to adapt to new technological and market circumstances and conquer world markets with the support of national and regional institutions. The main difference is that this process has taken place in Spain one century later, when Spanish and European institutions provided a real and strong support to Spanish firms in this process.

33 Francesc Sanuy (2006): *Informe Sanuy. Defensa del petit comerç i crítica de "la Caixa"*. Barcelona: Edicions La Campana. Sanuy was regional minister of Trade and Tourism as well as delegate of the Catalan government in Madrid.

Table 1. 146 Spanish large internationalized historical family firms: Regional breakdown.

Catalonia (55)

Group	Family	Founded	Dominant activity	Turnover (million€)	Employees
Celsa	Rubiralta (1ª-2ª)	1967	Metal	2,757	5,753
Roca	Roca	1880/ 1929	CR	1,669	16,000
Catalana Occidente	Serra	1864	Insurance	1,502	2,824
Cirsa	Lao (1ª-2ª)	1968	Gaming	1,155	11,000
Puig	Puig (3º)	1914	ChPh	962	5,250
Almirall	Gallardo (2ª-3ª)	1944	ChPh	962	3,200
Planeta	Lara (2ª)	1949	PC	960	4,725
Ficosa	Pujol-Tarragó (2ª)	1976	Motor	824	6,550
Esteve	Esteve (3ª)	1929	ChPh	818	2,469
Panrico	Costafreda (2ª)	1960s	FB	731	8,284
Comsa	Miarnau	1934	CR	642	1,030
Molins	Molins	1929	CR	594	2,485
Borges	Pont (3ª-4ª)	1896	FB	540	1,082
Grífols	Grífols (2ª)	1940	Farma	524	3,443
Colomer	Colomer (2ª)	1924/ 2000	ChPh	486	2,310
Uniland	Rumeu/ Fradera	1896/1901/ 1973	CR	472	1,301
Tarradellas	Tarradellas (2ª)	1983	FB	424	950
Freixenet	Ferrer-Bonet	1861	FB	379	1,323
Nutrexpa	Ferrero	1940	FB	327	1,333
Mecalux	Carrillo (2ª)	1969	CR	292	2,170
Ferrer	Ferrer-Salat (2ª)	1947	ChPh	274	1,174
Agrolimen	Carulla (2ª)	1937	FB	261	520
Chupa Chups	Bernat	1958	FB	260	1,170
Gallo	Espona	1946	FB	226	436
Ros Roca	Roca (3ª)	1953	E	218	11
Codorniu	Raventós	1872/ 1926	FB	198	1,006
Soler y Palau	Soler Palau	1951	E	190	515
Habitat	Figueras (2ª)	1953	Real estate	180	156
Torres	Torres	1870	FB	176	800
Hesperia	Castro (2ª)	1971	TR	171	3,300
HUSA	Gaspart (2ª)	1930	TR	162	2,800
Lacer	Andress	1949	ChPh	160	600
Miquel y Costas	Miquel	1725	Paper	157	913
Uriach	Uriach (5ª)	1838	ChPh	153	753
Simón	Simón	1916	Electrical	145	930
Indo	Cottet y Colomer	1902/ 1937/8	Óptics	144	1,722
Colomer Munmany	Colomer	1792	TF	140	913
Aceros Bergara	Boixareu	1945	Metal	132	102
Titán	Folch	1917	ChPh	137	624
Vichy Catalán	Renat+Casa+Murla+Montalat+Lluansí	1901	FB	122	725
Campí y Jové	Campí y Jové (2ª o 3ª)	1923	ChPh	120	82
Basi	Basi (2ª-3ª)	1948	TF	111	415
Noel	Bosch	1940	FB	109	449

Cuatrecasas	Cuatrecasas (3ª)	1926	Services	106	350
Pronovias	Palatchi (2º)	1922/ 1968	TF	103	23
Ausa	Perramón	1956	Machinery	98	353
Comexi	Xifra	1954	Machinery	85	252
Abressa	Dude	1971	CR	85	40
Espuña	Espuña	1947	FB	79	459
Sedatex	Pich	1886-1940	TF	75	160
Casademont	Casademont (2ª)	1960s	FB	69	485
Murtra	Murtra	1897-1922	TF	67	316
Palex	Knuth (3ª)	1955	ChPh	65	126
AC Marca	Marca	1922/ 1999	ChPh	52	254
Chocovic	Rius	1977 (1872 Arumí	FB	45	120

Madrid (21)

Group	Family	Founded	Dominant activity	Turnover	Employees
El Corte Inglés	Álvarez, Koplowitz	1935/1940	Department stores	15,022	87,610
FCC	Koplowitz	1900/1992	CR	7,090	67,562
Acciona	Entrecanales	1931/1978/ 1997	CR	4,852	21,846
Prisa (Timón)	Polanco	1958 (Santillana) 1972 (Prisa)	PC	1,425	9,114
Prosegur	Gut	1976	Security	1,387	70,838
Grupo Villar Mir	Villar Mir (2ª)	1987 (el grupo, familia y empresas anteriores)	CR	1,374	6,688
Cortefiel:	Hinojosa. Vendido en 2005	1951	TF	975	8,965
Eulen	Álvarez	1962/1978	Services	877	58,733
Mahou	Mahou	1889	FB	800	2,109
Vocento	Luca de Tena, Ybarra	1891/1903/ 1909 (Prensa Española) 1910/2001 (Grupo Correo/Vocento)	PC	794	3,813
Ferrovial	Del Pino	1952/1927	CR	760	3,500
Técnicas Reunidas	Lladó	1959	E	685	2,336
Nueva Rumasa	Ruiz Mateos (2ª)		FB	600	16,000
Grupo Zeta	Asensio (2ª)	1976	PC	451	2,342
Grupo Sigla	Arango (2ª)	1965	Convinience stores, restaurants	340	5,108
Patentes TALGO	Oriol	1942	E	299	1,844
Flex	Beteré	1912/1925/ 1956	Metal	182	1,500
Aceites Toledo	Rubio	1965	FB	140	62

Hola	Sánchez Junco	1944	PC	123	140
Laboratorios Indas	Arochena (2ª) (vendido en 2007 a Vista Capital)	1950	ChPh	120	405
Zeltia	Fernández Sousa	1939/1991	ChPh	82	619

Valencia (11)

Group	Family	Founded	Dominant activity	Turnover	Employees
Nefinsa	Serratosa (3ª)	1993 (antes Valenciana de Cementos 1917	CR	621	1,777
Ros Casares	Ros (2ª)	1950s	Steel	612	655
Marina d'Or-Loger	Flia y Ger (2ª incorporada)	1983	TR	182	1,189
Porcelanosa	Soriano	1956/1963/ 1973	CR	174	1,050
Andrés Faus	Faus	1953	CR	158	345
Famosa	Rico+Molina+ Sempere	1957	Toys	130	450
Ballesmar	Ballester (2ª)	1949	CR	125	164
Sáez Merino	Sáez Merino (2ª)	1952	TF	117	1788
Keraben	Benavent	1975	CR	106	600
Lladró	Lladró	1954	Ceramic	82	1,000
Chocolates Valor	López	1881/1973	FB	49	266

Andalucía (10)

Group	Family	Founded	Dominant activity	Turnover	Employees
Abengoa	Benjumea	1941	E	3,405	11,082
Grupo Para	Romero (2ª)	1961	Real estate	550	530
Osborne (Distribuidora y Bodegas)	Osborne	1772	FB	319	407
AZVI-Contreras graciano	Contreras (3ª)	1925	CR	246	775
consentido	Martínez Consentino	1979	Mineral trade	241	1,380
Persan	Moya	1941	ChPh	221	451
Grupo Ybarra	Ybarra	1842	FB	180	230
Grupo Industrial Iturri	Iturri (3ª)	1947	TF	150	887
Ángel Camacho	Camacho	1897	FB	107	557
González Byass	González Byass	1835	FB	101	350

Basque Country (9)

Group	Family	Founded	Dominant activity	Turnover	Employees
Vidrala	Delclaux	1965	Glass	297	1,114
Conservas Garavilla	Garavilla	1887	FB	210	560
Cegasa	Celaya	1934	Electrical	200	1,000
Corp. Patricio	Echeverría	1908	Machinery	187	1,887

Echevarría					
Sener	Sendagorta	1956	E	151	918
Erhardt	Erhardt	1882	Transport	127	652
Minersa	Lipperheide	1925/1942	Minerals	125	167
Marqués de Riscal	Hurtado de Amézaga	1858	FB	48	180
Ramón Vizcaíno	Vizcaíno	1932	Freezing	46	395

Aragon (7)

Group	Family	Founded	Dominant activity	Turnover	Employees
SA Minera Catalana-Aragonesa SAMCA	Luengo	1919	Minerals	751	5,250
SA Industrias Celulosa Aragón SAICA	Balet	1943	Paper	441	587
Pikolín	Solans	1948	Metal	182	1,393
Transportes Ochoa TOSA	Ochoa	1930s	Transport	141	1,117
Transportes Carreras	Carreras	1930s-1968	Transport	68	685
Celulosa Fabril CEFA	Blanchard	1946	Paper	66	245
Lacasa	Lacasa	1852	FB	42	127

Balearic Islands (6)

Group	Family	Founded	Dominant activity	Turnover	Employees
Iberostar	Fluxá	1930	TR	2,783	18,400
Sol Meliá	Escarrer	1956/ 1987	TR	1,165	11,357
Barceló	Barceló	1931/ 1960	TR	1,004	16,065
Riu	Riu	1953	TR	900	16,000
Coflusa /Camper	Fluxá	1981	TF	135	217
Hoteles Fiesta	Matutes (2ª)	1960s	TR	42	568

Northern Castile (7)

Group	Family	Founded	Dominant activity	Turnover	Employees
Antolín	Antolín	1959/ 1985	Motor	1,780	9,910
Leche Pascual	Pascual	1969	FB	992	4,300
Campofrío	Ballvé	1952	FB	911	2,500
Siro	González Serna	1966	FB	136	945
Helios	Pérez	1900s/ 1936	FB	99	210
Gullón	Gullón	1892	FB	92	350
Seda Solubles	Alonso Cruz	1957	FB	67	283

Galicia (6)

Group	Family	Founded	Dominant activity	Turnover	Employees
Pescanova	Fdez Sousa	1960	FB	999	3,399
Calvo	Calvo	1908	FB	330	3,000

Jealsa Rianxeira	Alonso	1958	FB	314	3,060
Hijos de Rivera	Rivera	1906	FB	100	265
FINSA Financiera Maderera	García	1931	Timber	94	254
Albo	Albo	1869	FB	73	387

Southern Castile (5)

Group	Family	Founded	Dominant activity	Turnover	Employees
García Baquero	García Baquero	1962	FB	170	140
Félix Solís	Solís	1950s	FB	146	278
Bodegas Navarro	Navarro López	1904	FB	139	35
Forlasa	Ortega Martínez	1970	FB	111	244
Delaviuda	López/Rojas	1927	FB	59	267

Rioja (3)

Group	Family	Founded	Dominant activity	Turnover	Employees
Conservas Cidacos	Baroja (3ª)	1950	FB	92	197
Grupo Indal	Arias	1963	Lighting	83	950
Grupo Barpimo	Ros (2ª)	1959	ChPh	65	500

Asturias (2)

Group	Family	Founded	Dominant activity	Turnover	Employees
Industrias Lácteas Asturianas	Rodríguez (1ª o ya 2ª)	1960	FB	454	841
Alsa-Enatcar	Cosmen	1923	Transport	318	3,100

Murcia (2)

Group	Family	Founded	Dominant activity	Turnover	Employees
El Pozo	Fuertes	1936	FB	460	2,855
García Carrión	García Carrión	Siglo XIX	FB	379	360

Cantabria (1)

Group	Family	Founded	Dominant activity	Turnover	Employees
Banco de Santander	Botín	1857	Banking	Check	129,196

Navarre (1)

Group	Family	Founded	Dominant activity	Turnover	Employees
Victorio Luzuriaga	Luzuriaga		Automóvil	50	363

Source: Actualidad Económica 2006, SABI 2006, corporate web pages, and authors' elaboration.
FB= Food and beverages; CR= Construction-related industries; ChPh= Chemicals and pharmaceuticals; TF= Textiles and footwear; TR= Tourism-related industries; E= Engineering; PC= Publishing and communication.

Table 2. 146 Spanish large internationalized historical family firms: Overview.

Region	Number of Firms	F 1	F 2	F 3	Dominant field	I 1	I 2	I 3	
Catalonia	55 (37.67%)	28	26	1	15 FB 12 ChPh 7 CR 5 TF	4	16	35	
Madrid	21(14.38%)	6	11	4	4 CR 4 PC	0	7	14	
Valencia	11 (7.53%)	2	8	1	6 CR	1	2	8	
Andalusia	10 (6.84%)	5	5	0	4 FB	3	3	4	
Basque Country	9 (6.16%)	7	2	0		1	2	6	
Aragon	7 (4.79%)	4	3	0		0	2	5	
N. Castile	7 (4.79%)	2	5	0	6 FB	0	0	7	
Balearic I.	6 (4.10%)	2	3	1	5 TR	0	2	4	
Galicia	6 (4.10%)	4	2	0	5 FB	0	4	2	
S. Castile	5 (3.42%)	2	3	0	5 FB	0	1	4	
Rioja	3	0	3	0		0	0	3	
Asturias	2	1	1	0		0	2	0	
Murcia	2	2	0	0	2 FB	0	0	2	
Cantabria	1	1	0	0		0	1	0	
Navarre	1	0	1	0		0	0	1	
Spain	146	66 (45.20%)	73 (50%)	7 (4.79%)	46 FB 18 CR 17 ChPh TF 9 TR 7 E 6 PC 5	9 (6.16%)	42 (28.76%)	95 (65.06%)	

F1= founded before 1936/39
F2= founded between 1940 and 1975
F3= founded after 1975
I1= internationalized before 1936
I2= internationalized between 1940 and 1986
I3= internationalized after 1986

Dominant fields

1. Food and beverages FB	46 (31.50%)
2. Construction-related CR	18 (12.32%)
3. Chemicals and pharmaceuticals ChPh	17 (11,64%)
4. Textiles and footwear TF	9 (6.16%)
5. Tourism-related TR	7 (4.79%)
6. Engineering E	6 (4.10%)
7. Publishing and communication PC	5 (3.42%)
Total 7 fields	108 (74%)
Other fields: transportation and logistics, steel and metal, mineral trade, real estate. Note that there are highly diversified conglomerates (El Corte Inglés, Villar Mir Group, Nueva Rumasa, etc) and many of them – directly or through the owning families- are involved in real estate.	

Source: Authors' elaboration.

Table 3. Internationalization paths and strategies of Spanish family firms

	Before 1936/39	1940-1986	After 1986
1. Strong export basis	Publishers, wineries, canned food,	Publishers, wineries, ceramic, Murtra, Aceites Toledo, Famosa, Sáez Merino, Faus, Lladró, Persan, Vidrala, shoemakers, Pescanova	Food&beverages, Sáez Merino, Faus, Lladró, shoemakers, Pescanova
2. Joint-ventures, technical assistance, commercial agreements in Spain	Indo, Roca, Puig, Colomer, Esteve, Lácer, Uriach, Zeltia, Minersa, Erhardt, Helios	Almirall, Indo, Esteve, Lácer, Puig, Roca, Panrico, Basi, TR, Zeltia, Famosa, Abengoa, Minersa, Erhardt, Vidrala, Pikolín, Riu, Campofrío, Helios	Basi, Planeta?, Mahon, Sigla, Erhardt, Siro
3. Joint ventures abroad		Ficosa, Indo, Puig, Minersa, Alsa	Marca, Catalana Occidente, Comsa, Esteve, Nutrexpa, Pronovias, Roca, Torres, Aceites Toledo, FCC, Lladró, Minersa, Cegasa, Ochoa, Riu, Campofrío, Pescanova, Cidacos
4. Take over of former joint ventures in Spain		TR	Agrolimen, Colomer, Puig
5. Acquisitions abroad		Publishers, Borges, Ferrer, Ficosa, Indo, Miquel Costas, Molins, Murtra, Roca, Lladró, Barceló,	Publishers, Agrolimen, Almirall, Celsa, Comsa, Grífols, Husa, Molins, Marca, Murtra, Puig, Ros Roca, Simón, Titán, Uniland, TALGO, Acciona, Flex, Abengoa, Vidrala, Saica, Samca, Barceló, Sol Meliá, Antolín, Campofrío, Helios, Calvo, Cidacos, Jelsa
6. Foreign subsidiaries		Publishers, Borges, Chupa Chups, Ferrer, Ficosa, Indo, Miquel Costas, Garavilla, Carrera, Ochoa, Calvo, Finsa	Basi, Codorniu, Comsa, Ferrer, Grífols, Husa, Marca, Natura Bissé, Nutrexpa, Pronovias, Roca, Ros Roca, Simón, Tarradellas, El Corte Inglés, TALGO, Acciona, Eulen, Prosegur, TR, Sáez Merino, Lladró, ceramic, Valor, Camacho, Sener, Minersa, Cegasa, Garavilla, Pikolín, Saica, Carreras, Ochoa, Alsa, Barceló, Sol Meliá, shoemakers, Antolín, Pascual, Campofrío, Seda Solubles, Félix Solís, García Baquero, Forlasa, López Navarro, Pescanova, Calvo, Albo?, El Pozo, García Carrión, Jelsa, Finsa, Indal
7. Strategic alliances	Catalana Occidente	Puig, Pescanova	Catalana Occidente, Agrolimen, Almirall, Cuatrecasas, Esteve, Lácer, Uriach, Puig, Planeta? TALGO, Mahou, FCC, Prosegur, Flex, Zeltia, Nefinsa, Abengoa, Cegasa, Cefa, Ochoa, Campofrío, Helios, Seda Solubles, Pescanova
8. Public concessions abroad		Ferrovial, FCC, TR, Abengoa, Sener, Pescanova,	Talgo, Acciona, FCC, TR, Abengoa, Sener, also canned fish makers?

Source: authors's elaboration.