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Las empresas familiares en Ibero-América: una introducción

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Abstract

Purpose – This paper highlights the importance of understanding family firms in different contexts. The purpose of this paper is to reflect on the characteristics and behavior of family firms in Ibero-America, and their contribution and fit to the broader field of research. Based on the five articles in this special issue, this paper attempts to give an overview of their main contributions.
Design/methodology/approach – This paper explains in a contextual and analytical way the contributions of five papers that focus their attention on Ibero-American family firms, by linking them to the current research in the field and finding their fit within the broader field of family business. Tackling different topics, these five papers discuss about the comparison between family vs non-family businesses, innovation in family firms, and governance in family firms
Findings – Findings suggest that there is a need to stimulate research in family business in Ibero-America, especially Latin America, regarding family business dynamics, the different roles of the family within the enterprise, family governance, and the role of women. With regards to innovation the cultural and economic context play an important role in how they perform innovative activities.
Originality/value – This paper contributes to further understanding family firms by discussing the importance of the context and by linking all five papers with the broader literature in family business. The introduction also discusses topics worth to be further researched in Ibero-America.

Keywords Family firms, Governance, Innovation, Ibero-America, Family vs non-family firms
Paper type Research paper

Resumen–Español

Propósito – Este artículo destaca la importancia de entender las empresas familiares en diferentes contextos. El objetivo, por tanto, es reflexionar sobre las características y el comportamiento de las empresas familiares en Ibero-America, y su contribución y encaje en el amplio campo de investigación de la empresa familiar. Basado en los cinco artículos de este número especial, este trabajo intenta dar una visión general sobre sus principales contribuciones.
Metodología – Este documento explica de manera contextual y analítica las contribuciones de cinco artículos que centran su atención en las empresas familiares iberoamericanas, vinculándolos y buscando el encaje en la investigación existente en el campo de la empresa familiar. Estos cinco documentos discuten sobre la comparación entre las empresas familiares frente a las no familiares, la innovación, y las estructuras de gobierno.
Conclusiones – El análisis sugiere la necesidad de estimular la investigación en la empresa familiar en Iberoamérica, especialmente en América Latina, sobre temas de dinámica empresarial de la familia,

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los diferentes roles de la familia dentro de la empresa, el gobierno familiar , y el papel de las mujeres . Con respecto a la innovación el contexto cultural y económico juega un papel importante en la forma en que realizan sus actividades de innovación.
Originalidad y Valor – Este trabajo contribuye a la comprensión de empresas familiares en un determinado contexto, vinculando las cinco publicaciones con la literatura más amplia en la empresa familiar. La introducción también sugiere temas a investigar más en profundidad en Iberoamérica.
Palabras clave Empresa familiar, Iberoamérica, Gobernanza, Innovación, Familiar versus no familiar
Tipo de documento Trabajo de investigación

Family firms are the most common form of organization around the world (La Porta *et al.*, 1999; Sharma *et al.*, 2014) accounting for 60-90 percent of all businesses, depending on the definition used by the researcher (Martinez and Aldrich, 2014). As such they greatly contribute to the development of the economy (Colli *et al.*, 2003) of countries and communities, and they generate a relevant share of the GDP and are major providers of employment (Heck and Stafford, 2001; Mandl, 2008; Neubauer and Lank, 1998). Data from Ibero-America shows that family businesses in Spain and Portugal represent over 80 percent of the organizations accounting for almost 75 percent of job creation and they are 70 percent of GDP generators. Similarly, in Latin America, family businesses contribute to about 60 percent of the aggregate GNP (IFERA, 2003), where, for instance, 46 percent of all companies in Colombia are family owned and 95 percent of the organizations are family businesses in Mexico (Poza, 2010; Tapies, 2011). Along similar lines, the creation of the labor force has reached between 70 to 90 percent of Latin American countries.

A great part of this phenomenon and in particular for companies in Latin America, is explained by the emergence of family businesses. In Latin America large domestic conglomerates (*Grupos Económicos* in Spanish) dominate the business landscape. Many of these conglomerates started during the 1950s, period of import substitution in the region, and the developed stages are centered on three pillars: expansion based on the development of natural resources, e.g., mining, oil, forestry, agriculture, and energy; growth based on diversification of an industrial base; and acquisition of financial, construction, and service firms. Privatization reforms of the 1980s and 1990s gave rise to a second wave of large domestic conglomerates. Large domestic conglomerates in Latin America are families with several generations in the same company, e.g., Luksic, Matte and Solari (Chile), Romero and Brescia (Peru), Cisneros and Mendoza (Venezuela), Gutiérrez (Guatemala), Camargo and Moraes (Brazil), Slim and Bailleres (México), among others play a leading role. The top ten family businesses generated ~US$290 billion out of Latin America's US$5.3t GDP. They employ more than one million people. 47 percent are managed by the first generation, 29 percent by the second generation, and 10 percent by the third generation. Interestingly, the creators of the oldest family businesses in Latin America were from Brazil (born 1846) and México (born in 1847) (Katz, 2001; Poza, 1995; Aguilera and Crespi-Cladera, 2012).

In the last three decades, there has been a boost in researching family business given the relevant role they play in the economy and their unique characteristics derived from the overlapping systems of family and business that generate idiosyncratic dynamics. Most of the research, however, has greatly concentrated in North America and Europe (De Massis *et al.*, 2012), leaving room for understanding other contexts that can bring interesting insights to our knowledge on family businesses, since context influences the way a family firm may behave, based on its culture (Sharma and Chua, 2013) and their level of development among other factors.

If we do a more comprehensive review of other fields of research in Latin America, we note that regarding the outputs generated in the Latin American region, the results indicate a low contribution of impact in scientific investigation of high level. This issue is related to the information found by Gibbs (1995) where the contribution of 1,161 articles out of 44,811 represents only 2.6 percent of the total. These numbers consider the authorship of a Latin American researcher in association with a North American or European researcher. The best performance is observed in the field of economy with 3.9 percent of the total publications in this area of knowledge followed by finance 0.69 percent and management 0.24 percent. Another way to revise the impact of the investigation created by Latin American researchers is to review the publications in which a Latin American researcher only produces an investigation without association with a non-Latin American colleague. Clearly, the number is considerably lower. For instance, in the field of finance, the result is 0.31 percent with respect to the total number of the publications in this scope and 0.09 percent in the field of management. The field of economy is where the best results of publications were achieved with 3.3 percent of the total number of publications (Müller and Cancino, 2012).

Similarly, Ibero-America represents a specific context that greatly differs from other parts of the world, scarcely used as a context for family business studies. This may be due to the fact that family businesses as such is a relatively new domain of research, and Latin America in particular has not traditionally focussed on academic research, and has recently started off as previously explained. In the area of learning and teaching of family businesses, Latin America is also far behind. According to De Massis and Kotlar (2015) the distribution of family business syllabi across geographical regions is higher in North America (65 percent) and Europe (26 percent) with fewer than 3 percent of Latin America of all courses offered in the field of family business around the world. Concerning family business books, the same authors conclude and encourage writing future books to focus on emerging regions, such as Latin America, to meet the specific needs of the increasing number of international students.

According to the above, in trying to understand family businesses embedded in other contexts, Ibero-America represents a fertile ground to delve into specific aspects that family businesses in this region may display given their embeddedness in an emerging economy, mainly driven by exploitation of natural resources, as well as a specific collectivist culture (Hofstede) where close relationships are important, and where few research has been pursued.

Four of the five studies in this section shed light on different aspects of family businesses in Ibero-America empirically, with a variety of countries (two from Spain, one from Chile, and one from Mexico). One of the studies is a literature review and centers its attention on what has been researched in Ibero-America with regards to corporate governance.

The main topics that emerge in this section are related to comparisons between family and non-family businesses (Benito-Hernández, Lopez-Cozar-Navarro, and Priede-Bergamini; Basco and Calabro; Garcés-Galdeano, García-Olaverri, and Huerta-Arribas); innovation in family businesses (Basco and Calabro; Palma-Ruiz, López-Fernández, and Serrano-Bedia); and corporate governance (Botero and Lagos).

Family vs non-family businesses

One major line of research in the field that has prevailed over time has focused on highlighting that family businesses are different (e.g. Daily and Dollinger, 1993; Donckels and Fröhlich, 1991). One main feature of family businesses is the fact that they are composed of families who create companies and make them grow (Aldrich and Cliff, 2003; Steier, 2003). Concentrated ownership constitutes an important element that affects the way families decide, exercise power, and make things happen in an idiosyncratic way. Family businesses are also unique because they face simultaneously business and family issues, where they need to make decisions about growth, ROE, competitive advantage while dealing with a "complex set of social and emotional relationships" (Fletcher, 2002, p. 4), derived from their overlapping systems, the family and the business.

In search for differentiation a large number of studies have concentrated on the comparison of family vs non-family businesses in order to identify those factors that make family businesses unique or different from their non-family counterparts (e.g. De Massis *et al.*, 2015; Stewart and Hitt, 2012; Westhead and Cowling, 1996; Zahra *et al.*, 2004). This trend can be observed in the articles presented in this section, where three of them compare family vs non-family firms in different aspects. In the three papers, the authors find significant differences between family and non-family firms in certain dimensions.

The study of Benito-Hernández, Lopez-Cozar-Navarro, and Priede-Bergamini focusses on the nexus between size and external advice and compare Spanish family and non-family industrial firms in the way they use different external services, such as HR services and Legal services. Benito-Hernández *et al.*, find that family businesses tend to use less HR services than non-family businesses alleging that family businesses not only tend to be smaller than non-family businesses, with more limited resources and less complex structures (De Kok *et al.*, 2006), but also nepotism may be in place which hinders the use of more sophisticated HR services. With regards to legal advice, they show that family businesses tend to use legal advice, but this is not necessarily linked to the size of the business as is the case in non-family firms, due to the fact that family businesses may have to deal with succession and tax/inheritance issues that affect the family and the business independent from the size of the business.

Basco and Calabro work on natural resource-based clusters in Chile and compare family and non-family SMEs innovation strategies. Their study on innovation brings interesting insights about the different ways in which family and non-family businesses engage in innovation strategies. This study shows that family firms tend to be more conservative when searching for new knowledge and ideas for their internal innovation activities, relating to close connections, while non-family SMEs tend to be more prone to look for open innovation to address their internal innovation needs. This research also brings to the front the importance of context, as the specific natural resource cluster may condition how companies deal with their innovation strategies. With regards to context, the study furthers our understanding about innovation in SMEs in developing countries, an important player in regional development of such economies.

Garcés-Galdeano, García-Olaverri, and Huerta-Arribas compare management capabilities of family and non-family businesses in Spain. In line with Benito-Hernández *et al.*, the study of Garcés-Galdeano *et al.*, find that family businesses tend to have a lower degree of management practices in place. In addition, family managed companies seem to have less managerial capability than those managed by non-family members. Finally they also show a positive relationship between size and managerial capability, as it happens in different contexts (e.g. Barrett and Mayson, 2007).

Innovation in family businesses

Given that family businesses are considered to have unique characteristics, this affects the way this type of organization engages in innovation processes (De Massis *et al.*, 2014, 2015). De Massis *et al.* (2013) made a comprehensive literature review about innovation in family firms and they show that family involvement may influence innovation inputs such as R&D expenditures, activities like leadership in new product development projects, and outputs such as number of new products developed. These differences stem from the type of owner's profile in terms of risk propensity, investment horizon, diversification strategy, and return aspirations (Thomsen and Pedersen, 2000). For instance family businesses tend be long-term oriented (Zellweger, 2007; Zellweger *et al.*, 2012) which conditions the rate of disruptive innovations, and protecting socio-emotional wealth may hinder collaborative innovation projects (Gómez-Mejía *et al.*, 2007).

Empirically, little attention has been paid to innovation in family businesses (Beck *et al.*, 2011; De Massis *et al.*, 2012). Even less studies can be found in Ibero-America. The studies of Basco and Calabro studying Chilean firms, and Palma-Ruiz *et al.* studying Mexican firms shed light on an underexplored topic that deserves attention.

Basco and Calabro, focussing on SMEs in a natural resource-based cluster shed light on the types of open innovation search strategies are associated with internal innovation activities in family and non-family SMEs. Their results show that suggest there are no major differences in the way family and non-family SMEs pursue their internal innovation activities, but important differences exist in terms of open innovation search strategies. For instance family SMEs search for new ideas and knowledge within their closest network (e.g. customers, suppliers, and competitors), whereas non-family SMEs mainly focus on broader network relationships (e.g. universities, public institutions, and fair trade organizations). In addition, interestingly, founder generations are more likely than next-generation members to be involved in internal innovation activities.

Palma-Ruiz *et al.*, focus on Mexican family businesses and ask what hampers innovation in family firms. Studying barriers (cost, financial, knowledge, and market factors) on the propensity of Mexican family businesses to engage in innovation activities, this study finds that the lack of information about the market and technologies, as well as the lack of demand for innovation hinder the predisposition of Mexican family businesses to engage in innovation. A pertinent contribution of this study is the fact that in partially tackles a relevant topic in the field, that of heterogeneity among family businesses (Chua *et al.*, 2012; Wright *et al.*, 2014). By identifying two subgroups based on ownership and family management control, they show that knowledge factors are an important barrier when businesses have a strong familiar control, hence innovation may be constrained by the availability of information, hindering particularly the initial stages of innovation.

In line with Basco and Calabro who suggest that family businesses tend to be less open when looking for outside, Palma-Ruiz *et al.*, suggest that families with more familiar control seem to be less open to the outside and have greater difficulty in incorporating external knowledge and resources, probably to protect their socio-emotional wealth (Gomez-Mejia *et al.*, 2007).

Governance in family businesses

Family business governance is an interesting topic, widely studied in the field for various reasons. Governance structures are considered a key stone in developing competitive advantage and differentiation (e.g. Miller and Le Breton-Miller, 2005, Gedajlovic and Carney, 2010). Governance in a family business differs from non-family businesses, because of the two intertwined systems, the family and the business (Lansberg, 1983), bringing differences in interests and goals compared to non-family firms (Bettinelli, 2011;

Davis, 2008). Family members often occupy multiple roles in the business (Tagiuri and Davis, 1996; Mustakallio *et al.*, 2002), participating simultaneously in different governance bodies (board of directors, TMT, family council) and making key strategic decisions differently than in other types of organizations (Nordqvist and Melin, 2002).

Most of the studies related to governance in family businesses rely on agency theory or stewardship theory (Goel *et al.*, 2014). More recently, some researchers have combined the competing theories of agency and stewardship, arguing that they are complementary and better explain how governance affects performance. Most of the studies agree on the importance of ownership concentration as an important element that makes family businesses outperform their non-family counterparts (Miller and Le Breton-Miller, 2006; Prencipe *et al.*, 2011).

In a recent review, Goel *et al.* (2014) note that other approaches have been recently used but scarcely incorporated into family business governance studies, such as social and relational capital (Jones *et al.*, 2008), a contingent approach on agency and stewardship behavior (Corbetta and Salvato, 2004) suggesting that family and business features condition a specific behavior (Goel *et al.*, 2014).

Research, as seen in previous sections of this introduction, has mainly focussed on Anglo-Saxon contexts, which does not necessarily fit other contexts where the majority of companies are privately held, with non-dispersed ownership (e.g. La Porta *et al.*, 1999; Dyck and Zingales, 2004). Governance structures may differ not only at a national or regional level, because culture affects governance choices (Aguilera and Jackson, 2010), but even depending on the type of organization (Parada, 2015).

Understanding governance structures in the Ibero-American context, thus can bring new insights about governance structures in various dimensions and to what extent they fit or not Anglo-Saxon models. Some efforts have been done in this regard, as research about governance in Ibero-American family businesses has shown an increase in the last decade. Botero and Lagos performed a literature review about the topic in Ibero-America to set the advancement of the topic in the region. Botero and Lagos reviewed 34 articles found about governance in Ibero-America, where 15 articles were done in Spain, eight in Brazil and México, seven in Colombia, three in Chile, two in Argentina, and one in Portugal and Venezuela.

Their analysis show that most studies, as has been the case in broader studies in the topic, focus on board of directors or the top management team (12 articles), on ownership issues related to rights or concentration of shares (ten articles), and a combination of both topics (12 articles). Some relevant differences worth to be mentioned based on the findings of the different studies include various topics. The relationship between different governance mechanisms is more tackled in Ibero-American studies, a missing step in most studies about corporate governance (Brunninge *et al.*, 2007) (for an exception see Parada, 2015). Boards of directors seem to have an advisory role rather than supervisory role. In Mexico top management team show a low rotation of their members leading to lower performance. No efforts have been done in Ibero-America to address family governance, while there is an increasing amount of work done in this area in other contexts. Understanding about governance in Ibero-America is still scarce.

Conclusion

This introduction aimed at presenting in a contextual and analytical way the five recent articles written about family businesses in Ibero-America. All articles provide interesting contributions about family businesses tackling different dimensions. Three of them concentrating on the comparison between family and non-family businesses highlight the differences between both forms of organizations, showing, however, that in other aspects they behave similarly (e.g. use of legal services, or internal innovation activities). Other studies have concentrated their efforts in understanding innovation, a still underdeveloped arena of research in family businesses where family businesses, given their idiosyncratic way of doing things may perform differently and especially the cultural context and economic context may play an important role in how they perform innovative activities. Finally, the literature review on corporate governance in Ibero-American family businesses suggest that there are plenty of opportunities to continue pursuing research in this topic, especially in the domain of family governance.

Considering this perspective and according to Sorenson *et al.* (2013), some studies have shown a strong tendency to perform studies regarding issues which are related to the quadrant of business and short-term defined by these authors, namely, focussed on performance, and the social and economic impact of family businesses, without considering the study of the roles of family business and family business dynamics. The literature review of family business in Latin America indicates that 78 percent of the articles are focussed on only five themes, succession (20 percent), strategic management (18 percent), performance (14 percent), entrepreneurship (13 percent), and corporate governance (12 percent). This appears to indicate and to be in line with the need to stimulate research in family business in Latin America especially regarding issues linked to family business dynamics, the different roles of the family within the enterprise and the role of women (Merigó and Müller, 2016).

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Appendix

Table AI. Articles about family businesses in Ibero-America

Title	RQ	Type	Sample	Region	Main results
The nexus between size and external business advice in the family firm	Does the use of advisory services influence the size of the business?	Empirical, quantitative	2013 family and non-family industrial	Spain	Legal matters are more used in smaller size family businesses They use less HR services
Open innovation search strategies in family and non-family SMEs: evidence from a natural resource-based cluster in Chile	What types of open innovation search strategies are associated with internal innovation activities in family and non-family SMEs within natural resource-based clusters	Empirical, quantitative	264 Chilean firms	Chile	No differences exist in internal innovation activities but they differ in open innovation search strategies. FB look for knowledge within their closest network (customers, suppliers, competitors Non FB broader network (universities, public institutions, fair trade organizations)
Management capability and performance in Spanish family firms	Why do performance gaps occur between firms in the same country or the same sector? And, what are the conditioning factors of inter-firm performance differentials?	Empirical, quantitative	401 companies/ 214 family businesses	Spain	Competitive advantage derives from a combination of human capital elements Better management skills enable Spanish family firms to design the necessary strategies and internal structures to facilitate their adjustment to the business environment, and, thereby, achieve operational performance gains
What hampers innovation in Mexican family firms?	Propensity of Mexican family firms to innovate	Empirical, quantitative	161 Mexican family businesses	Mexico	Knowledge factors represent a significant barrier only for businesses with a strong familiar control This type of family businesses are less open to the outside and have greater difficulty in incorporating external knowledge and resources The lack of demand for innovation

(*continued*)

Table AI.

Title	RQ	Type	Sample	Region	Main results
					represents the only significant barrier for the second subset of family firms Factors of economic and financial nature widely discussed in the general literature on innovation, are not significant for family firms
Corporate governance in family businesses from Latin America, Spain, and Portugal: a review of the literature	RQ1: What are the different areas that have been explored in family business CG research from Latin America, Spain, and Portugal? RQ2: What are the general findings obtained? RQ3: How are these findings similar and different from general research on corporate governance in family firms	Literature review 1980-2014 (34 articles)	n/a	Spain, Portugal, Latin America	Focus on understanding structures and processes related to family ownership system Generalization of results difficult because of lack of systematic approach of studies Focus on small number of countries