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ENSEÑANDO SOBRE FAMILIAS EMPRENDEDORAS E HISTORIA DE LAS EMPRESAS FAMILIARES EN LATINOAMÉRICA, 1870-2017

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RESUMEN

Este documento de trabajo pretende ser un instrumento para la enseñanza de la historia de la empresa familiar en Latinoamérica, principalmente dirigido a estudiantes de escuelas de negocios y facultades de administración y dirección de empresas. El centro de interés es la historia de los muchos fracasos y las pocas historias exitosas de las empresas familiares latinoamericanas, desde la década de 1870 hasta la actualidad. La elección de las fechas responde a la voluntad de las autoras de centrar la atención de los estudiantes en un período histórico clave en la historia de América Latina, con gobiernos independientes consolidados y rápida inserción en la economía global. En esos años la región fue transformando su posición global, pasando de ser un destino para productos extranjeros, mano de obra y capital, a convertirse cada vez más en cuna de multinacionales innovadoras, algunas de las cuales son hoy en día actores clave en el mundo global de la inversión exterior directa (Casanova 2016). Este documento muestra las principales tendencias en el entorno externo y la política nacional, y el impacto de ese contexto en la creación, expansión, desaparición o transformación de las empresas familiares, aunque el foco está puesto en los grandes grupos familiares con negocios diversificados, para los cuales hay más evidencias empíricas que permiten comparaciones internacionales.

Palabras clave: Latinoamérica, grupos empresariales diversificados, empresas familiares, emprendimiento empresarial, familias empresarias.

ABSTRACT

This paper aims to be an instrument for teaching family business history in Latin America in business schools. The focus is the story of the many failures and the few successful histories of Latin American family businesses, from the 1870s until our days. The choice of the dates responds to the willingness of the authors to focus the attention of students in a key historical period in the history of Latin America, with consolidated independent governments, and fast inclusion in the global economy. Those were years in which the region transformed its global position from being a destination of foreign products, labour, and capital, to becoming increasingly the cradle of innovative multinationals, some of which are today key players in global Foreign Direct Investment (Casanova 2016). The paper indicates the major trends in the external environment and the national politics, and the impact of such context in the creation, expansion, disappearance, or transformation, of family businesses, though the focus is in the large diversified family controlled business groups, for which the empirical evidence is more abundant to establish comparisons across borders, despite the diversity.

Keywords: Latin America, Diversified Business Groups, Family Businesses, Entrepreneurial Family-Controlled Businesses.

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TEACHING ENTREPRENEURIAL FAMILIES AND FAMILY BUSINESS HISTORY IN LATIN AMERICA, 1870s-2017

1.- Introduction

According to the consulting company Exaudi, which has extensively used 1,028 interviews for a comprehensive study about 8 Latin American family businesses in 2015, titled “Challenges and Strategies of Family Enterprises in Latin America, 2014-2015”, 85 per cent of private Latin American businesses are today family businesses, most of them would have been founded in the last decades, with an average of between 11 and 50 employees and annual revenues of about $US3 million. Only 12 per cent of them would generate more than US$23 million in annual sales. Of these businesses 47 per cent would be managed by the founders, 29 per cent by the second generation and 14 per cent by both generations and only 10 per cent of these businesses would be managed by the third or fourth generation (Salazar 2016). Lourdes Casanova has looked at the list of the ten largest companies in *América Economía* and has observed how four are family businesses, three are local, the Mexican América Móvil and the Brazilian Odebrecht and JBS/Friboi, and one American, Wal-Mart of Mexico. In volatile economies like those historically in Latin America, family ownership with a long- term focus survive better than a ‘traditional’ public company that is at the mercy of investors asking for short-term results.

Governments, management texts, consultants, business magazines, often write about “family firms”. Family firms, however, do not exist in the legal codes of any Latin American country. They are an invented expression. Families exist, that´s for sure. And families, sometimes, are entrepreneurial and do register, or not, businesses in which their members are involved. In Latin America many family businesses are not legally registered, they are not declared to avoid paying taxes, and the government, and the rest of the firms that pay their taxes, do know this. Until very recently (things are rapidly changing with tougher vigilance and reduced tolerance), there was a large tolerance, and a flexible way of looking at these dynamic fast changing family businesses (Fernández Pérez and Lluch eds. 2015 and 2016).

Family businesses change very fast: a) in the kind of business they are focused in, b) in who is responsible of what in the family business, c) in what are the requirements to enter and exit the family business, and d) in what are the systems of payments and compensations. Such enormous flexibility, and variety, and changing reality of family businesses in the region, as in other developing economies, has made governments abandon the idea of registering family businesses. It is not a firm, it is a family that moves to survive and made their living the best they can, in very fast changing environments. This reality is very old, very familiar, to anyone who has visited Latin America and has travelled its cities and its countryside from North to South, East to West. Especially in rural areas, and in the surrounding neighborhoods of large cities, extended families develop with a high degree of daily changes, their survival through very humble family controlled businesses. Only large family businesses can present a relatively stable and ordered type of business with formal accounts and stable corporate governance structures in which the State can (sometimes effectively and others not) go and analyze annual profits and taxes to be paid. Even large family firms, in order to adapt to changing external environments, and changing family composition through time, are often difficult to study, as they have frequently organized their growth through holdings, and business groups (Barbero and Puig 2016).

For the above reasons, it might seem an uncontested issue to focus on "family firms", or "family business groups", as they have been concepts slowly developed by management scholars and family business historians after the 1960s, academically enshrined after the 1990s when family businesses became very visible big agents of globalization and when associations, journals, and university programs formally acknowledged family business research as an official research field. However, a very long-term historical perspective that takes into account adaptability and change of business agents beyond legal or academic formal acknowledgements, and more important than that, the fast changing reality of families and business in Latin America, makes much more realistic to focus and talk about "families in business", and "entrepreneurial families". In this paper we will use the concepts of "Family Firms", "Family Business Groups" and "Entrepreneurial Families", as we are concerned with families in business that have innovated in product, process, or organization of businesses in the region, and have contributed to the development of an economic activity, and a territory in a significant way.[1]

Definitions

'Family firm', 'family business group' and 'entrepreneurial family' are concepts that will appear in this chapter. Definitions of these concepts have proliferated since at least the late 1970s, especially in the area of family business management, and are subject of debate. Experts in family business structure generally accept that: (1) 'family enterprise' means a legally independent business in which ownership and management has been strategically controlled by one or more families for at least two generations; (2) 'family group' tends to identify the partial or total participation in the ownership of various legally independent businesses in which management is strategically controlled; and (3) 'business family' is a concept that defines families with diverse ties – be they blood or spiritual – that, over the course of several generations, have made productive investments in various businesses in which they do not necessarily control either ownership or management, but within which they aim to ensure the survival of certain values and the continuity of the family over time For business historians and social historians, the concept of 'families in business' seems a more realistic one, and is more in keeping with what historical documents reveal.

[1] Some publications about the diversity of definitions of this concept are: Fernández Pérez and Colli eds 2013; and http://revistes.ub.edu/index.php/JESB/article/view/j028/21754

2.- Debates

Is it really a big issue that a family firm disappears from business? Or that an entrepreneurial family disappears? For academic researchers it is the first question the relevant one, but for policy-makers, workers, or consumers, the real problem is that entrepreneurial families disappear from the territory. A firm, family or non-family firm, is a legal organization that must follow the rules of the game in each territory in terms of social capital, regulations, accounting, taxation, and corporate governance. Debts, wars, dramatic collapse of the economy (a financial crash, a commercial boycott of key products), and more broadly speaking uncertainty may force a firm to disappear, diversify, innovate, or change the specialization of their activity. If the owners of the firm are a family network, and they are an entrepreneurial group of people, the likely thing history teaches us is that sooner or later the family will start a new business, in a similar or different type of economic activity, in a similar or in a different territory. Therefore, what really matters is entrepreneurial families, for the families themselves, their societies, and the territories in which they live. A lesson derived from this observation is that our institutions should try to protect environments in which competitive entrepreneurship is preserved, so the largest possible number of entrepreneurial individuals, and entrepreneurial families, can adjust to external shocks of technology, markets, monetary and bank policies and globalization.

Scholars in economics, management, and economic and business history disciplines have approached family businesses in very diverse methodological ways, with different theoretical assumptions, sources and information, and objectives. But, broadly speaking, scholars have analyzed and studied family businesses in the world under three different lenses. One, to compare their with non-family businesses to try to determine if their strategies, organization, and performance are really as different as one may expect, and therefore if "family" firms do really exist or if they just do what any other kind of firm does. Second, a stream of scholarship has presumed that family businesses are a traditional conservative and backward style of business organization that has effects in creating environments of low risk, low investment, low innovation and internationalization, and personalistic –sometimes corrupt- styles of labour relations, social responsibility, and embeddedness with local political conservative forces. Finally, a third stream of research presumes that family businesses are a resilient, flexible, innovative, type of collective entrepreneurial group able to survive crisis, wars, and destruction, a kind of firm that is embedded in the territory and contributes in a very long term perspective to the creation of wealth and employment, and knowledge creation in a territory. For this third stream of research, family businesses may substitute as agents of transformation and economic development institutional voids in a territory, in times of economic backwardness or political turbulence, as they may provide alternative, stable, locally focused sources of capital, labour, knowledge, and networks across borders (a summary of the abundant number of scholars and works in Fernández Pérez and Colli eds 2013; Fernández Pérez and Lluch eds 2015; Fernández Pérez 2017).

Very often family business historians have provided a wealth of empirical quantitative evidence, and in depth case studies, about large family businesses like it has been the case for companies like Gerdau, Odebrecht or CBS in Brazil, the Sada group and CEMEX in Mexico, Graña Montero or the Wiesse family in Peru, the Bunge and the Tornquist group in Argentina, the Falabella retail store in Chile, or the Santo Domingo group in Colombia (Fernández Pérez and Lluch eds. 2015 and 2016). They are more easily tracked in official and private archives. For this reason, and also because a larger size often provides more resources that may help a business survive to external or internal shocks, therefore making them potentially more resilient than smaller firms, small and medium family firms are not the focus of scientific research. The information is very scarce for them, and makes extremely difficult to follow changes, to study factors of failure, and success, or their singularities in terms of strategies, competitive resources, and organizational forms. Famous scholars who have praised the competitive advantages of large professional corporations since the late 19th century in the world usually disregard small family controlled family firms, often because there is not much information about their history and their competitive advantages.

Historians have been able to follow the transformation of micro or small family controlled entrepreneurial businesses, and study in some cases the factors that lead to success, and in some others to growth, innovation and internationalization. Management scholars focus in successful stories, and in lessons to solve problems and difficulties to help small and medium family firms overcome adverse environments and become resilient (Fernández and Lluch eds. 2016). Both historians and management scholars agree that the preservation of identitary values and intangible patrimony, and the preservation of the name and reputation of a family name is a key differential competitive factor that explains the many sacrifices entrepreneurial families may enter into, while in business. This protection of their name, and their values, often is behind critical decisions to reinvest in long-term projects that do not distribute profits among owners during decades (Fernández and Colli eds. 2013).

Consultants, international organizations, economists, management textbooks, have only recently realized the power of family firms in the region. Historians had long observed the development and growth of family controlled businesses since late colonial times, until nowadays. This essay now will try to synthetize the main transformations and discontinuities in the environment and the players and sectors that have made up LA family top or largest businesses at various countries and moments in the long term. As explained in Fernández and Lluch eds. (2016) the heterogeneity of Latin America FB is significant and warns of the difficulty of making sweeping generalizations. Despite the possible common trends, each country presents singularities in the external and endogenous factors that have favored the evolution, continuities, and changes, of entrepreneurial families in Latin America since the late 19th century until our days. With this caution in mind, in the next three sections the chapter will present some of these singularities, following a chronological order which takes into account common environmental factors affecting the economy and the institutions of the continent, and combining this approach with specific details about different countries, and with summaries about the history of well-known Latin American entrepreneurial family businesses.

3.- Latin American Entrepreneurial Family Businesses in the Export Era, 1870s-1930s

Since the first global economy whose linkage for Latin America was the commodity export, the "outward development" model (1870s-1930s), entrepreneurial families played a central role in front of the challenges and opportunities characteristic of Latin American early capitalist development. Some of these business families, but not always firms, have been able to survive until today, and represents remarkable examples of durability and adaptation capabilities.

The entrepreneurial dynamics of many European immigrants that used local and transnational networks for the flow of capital, know-how, human resources and merchandise or services is a very well-know and debated phenomena. During the first global economy, Latin America was the destination of millions of immigrants, particularly for millions of Europeans. As a result, a common characteristic that emerges is the high proportion of large family businesses founded by immigrants or foreigners, especially in the XIX century, coming from Europe, and secondly from regions in the Near East (Syria, Lebanon, Palestine, Armenia).

In Brazil, between 1870 and 1930, a total of 2589962 immigrants entered the country, and it was dominant their presence and their descendants in the founding of firms, including the largest. The case of Argentina is very similar. Many immigrants brought technical know-how from their countries of origin, and/or had valuable social capital that they were able to use to set up new ventures in a phase of accelerated expansion of the internal market. The foreign and immigrant communities maintained close ties with their countries of origin. Some of the corporate networks created at the end of the 19th century lasted until well into the 20th century, In Peru, some calculations proposed that 23 per cent of family businesses in this time originated from abroad, mostly from Europe (Portocarrero 2010, 41-43). Beside the Italians, other European immigrants arrived in Perú, among them the Englishman "José" R. Lindley who in 1910 established the Fábrica de Aguas Gasificadas Santa Rosa. In countries such as Chile, México, Colombia where the volume of immigration was lower, foreigners were also a distinctive feature among their entrepreneurial classes (Cerutti 2000, Dávila 2012).

A second notable trait in the largest economies (Argentina, Brazil, Mexico but also Perú and Colombia) is the importance of family Diversified Business Groups (DBGs). In Peru, as Miller (1998, p. 148) recalls the immigrants formed or became part of business groups, defined as the "central feature of Peruvian business structure since the second half of the nineteenth century". And such groups were "normally based on one or two families linked together by close alliances, frequently through marriage (Portocarrero 2010). In México, the largest businesses that survived until now were originated interlinked with two complementary realities: the entrepreneurial family and the business group, and the empirical evidence available shows that groups and their mother companies were born during this early period and survived through links with entrepreneurial families (Cerutti 2016). In Argentina, some estimations show that at least a third of the family firms in the country's 30 largest firms belonged to DBGs, including the notably long-standing Bunge & Born Group, owned by the Bunge, Born, Hirsch, and Oster families, the Tornquist Group, owned by the Tornquist family, and the Bemberg Group, owned by the Bemberg family. They all began by carrying out commercial activities and later diversifying their investments as the economy grew (Barbero 2015, Barbero and Lluch 2016).

A third general point to emphasize is the high diversification of largest family business. Indeed, entrepreneurial activity has always been highly diversified in terms of investment, not only across countries of the region but also among economic sectors within a given country and within individual entrepreneurs portfolio of investments and business activities.

In terms of sectors, during the first global economy, the extraordinary increase in opportunities meant the emergence of enduring innovative family businesses linked mainly to commercial activities (including the origin the largest retailing firms that still exists today, but also consumer and light industries (textiles, shoes, food, beverages, maintenance and repair of equipment). The beer industry is a perfect example to interrelate two above-mentioned processes: immigration and industrialization. Latin American brewing industry was largely created by nineteenth-century German immigrants through companies such as Brahma in Brazil, Quilmes in Argentina, Keller Hnos. and Otto Schleyer in Chile, and today Bavaria in Colombia.[2]

In general, family business showed a growing involvement within manufacturing activities since the early twentieth century, such as the paper industry exemplified. The Brazilian group Kablin was founded in 1900 year by Lithuanian families. Some family firms, but only a minority in this period, engaged in international export of primary or raw materials much in demand in world markets. In most cases during this time, family firms concentrated in the development of agriculture and livestock businesses in countries such as Brazil, Argentina and Uruguay.

Another distinctive of the Latin American entrepreneurs since its origins is their close interaction with politics and the state deployed in a variety of ways besides holding public positions.

[2] https://www.immigrantentrepreneurship.org/entry.php?rec=187

FALABELLA

The family business started in 1889 in Chile with the opening of a modest "sastrería" founded by Italian immigrant Salvatore Falabella, and consolidated with the partnership with the Italian Alberto Solari, which broadened the catalogue of products sold in the retail shop with a diversity of household and textile products, and soon became at the turn of the century one of the most promising department stores in Chile and Latin America. Generational changes, and the demographic growth and economic boom of the 1960s were opportunities to invest in transforming the small business into a medium sized retail firm in Santiago de Chile and in other provinces of the country. Innovations in payment systems (credit card CMR Falabella, today with 5.5 million holders in Latin America) and diversification of their original business (finances, insurance, travels) contributed to increase their liquidity and provide self-confidence to cross borders and start internationalization in the 1990s, first in neighbouring Argentina and later in Peru. As other local family business groups, mergers and acquisitions flourished in the first decade of the twenty first century (merger in 2003 with Sodimac), helping entry in important countries like Colombia.

Source: https://www.falabella.com/falabella-cl/category/cat40006/Nuestra-empresa (access 8 March 2018)

BAVARIA

The history of the Bavaria group goes back to the joint partnership of two German immigrants (Leo Siegfried and Emil Kopp Koppel) who arrived to Santander in Colombia in 1876, with the local brothers Santiago and Carlos Arturo Castello. Their Kopp and Castello society, registered in Bogotà, bought land to establish a beer factory in 1889. The name changed to Bavaria Kopp´s Deutsche Bierbrauerei in 1890, and in 1910 they launched their first popular brand La Pola, and in 1913 their famous brand Águila, right when the firm opened a brewing installation in Barranquilla. In 1930 the Consortium of Cervecerías Bavaria expanded the business in the country, concentrating diverse firms, including Handel and Cervecería Continental of Medellín, Colombiana de Cervezas de Manizales, and breweries from Santa Marta, Cali, Pereira and Honda. The founder died before World War II, and in the 1940s the group expanded with new breweries and factories (in Bucaramanga, Girardot, Buga, Villavicencio, Neiva, Ibagué and Armenia), and through acquisitions of existing firms like Cervecería de Cúcuta. A radical change in ownership and management took place when Julio Mario Santodomingo bought Cervecería de Barranquilla and Bolívar and created Cervecería Águila S.A., thus consolidating Bavaria, and starting a slow strategy of internationalization in neighbouring countries like Ecuador (acquisition of Latin Development Corporation in the 1980s), Panamá (acquisition of Cervecería Nacional in 2001), Perú (UCP Backus & Jonston in 2002 and Cervecería Leona in 2004). The group became a truly global group in 2005 with the agreement of merger between Grupo Empresarial Bavaria and SABMiller PLC, which was at the time second world beer and alcohol group. Since 2016 the group has actively joined ABInBev, to participate in global operations.

Source: http://www.bavaria.co/acerca-de-nosotros/historia-bavaria (access 7 March 2018)

KLABIN

The history of the Brazilian leading paper making manufacturing business group started with the arrival of the immigrant Mauricio Freeman Klabin in 1889. He became an employee in a typography in Sao Paulo, and soon rented the business creating M.F. Klabin e Irmao, diversifying the activities with the import trade of desk materials and instruments. The family business established roots as a firm of brothers in 1899 with Klabin Irmaos e Cia (KIC), integrated by Maurício Klabin and his brothers Salomao and Hessel, and his cousin Miguel Lafer. Their clients included public institutions, and banks, an expanding business. Paper making integrated their portfolio of activities after 1902 with the renting of the Fábrica de Papel Paulista in Salto de Itu, and the constitution of Companhia Fabricadora de Papel (CFP) in 1909 (starting activities in 1914). The expansion of their clients made them open offices in Río de Janeiro, then Brazil´s capital. The 1930s-1950s witnessed a succession of acquisition or creation of companies in: the ceramic sector (Manufactura Nacional de Porcelanas, in Río de Janeiro), in the paper making industry (Fazenda Monte Alegre, in Paraná), land to vertically integrate the supply of raw materials for the paper making factories (Hacienda Monte Alegre), hydroelectric factories (Usina Hidroeléctrica Presidente Getúlio Vargas, in Paraná), and matches factories (Fábrica Universal de Fósforos Promocionales). Regulatory changes in the 1970s led the family establish a formal Council Board, establish the professionalization of the management, and become listed in the Sao Pauo Stock Market. With these changes, innovation in the production systems, and internationalization, became strategic targets. Particularly important was in 1997 the joint venture with Kimberly-Clark (creation of Klabin Tissue SA., later Klabin Kimberly), the international quality certification by the Forest Stewardship Council in 1998, and exports to high-demanding competitive markets in Europe, US and China in the first years of the 21rst century. Environmental concerns led to innovation in green technologies during the first two decades of the 21rst century.

Source: https://www.klabin.com.br/es/klabin/la-empresa/

4.- Latin American Entrepreneurial Family Businesses in the ISI Era, 1930s-1970s

The phase of the state led industrialization (also called import substitution industrialization (ISI) period) spans various decades in which the LA economies went through fundamental changes in terms of its productive structure and its regulatory framework, as a result of transformations in the international context and a reorientation of internal public policies. In todays ‘views, this period was less clear cut with the previous one, both because industrialization was not new in the region (particularly in the largest economies, such as Argentina or Brazil) and because the primary export sectors continued to have an important role in the development process. But overall, after the Great Depression, as claimed by Ocampo and Ros (2011, p.4) a new development strategy emerged in LA, a one that combined industrialization and enhanced state intervention.

Following worldwide tendencies, the state began to take on an increasingly active role in the economy. In the 1930s, industrial growth was boosted pragmatically by measures adopted by the authorities in order to deal with the global crisis (devaluations, tariffs, exchange controls, higher levels of regulation, public investment). Two other main components of the new development strategies were: macroeconomic policies centered on the management of the balance of payments and industrialization as the promised engine of growth.

After the WWII, State policies promoted the development of new industries – particularly capital-intensive and intermediate goods in the largest economies of the region – and aimed to integrate production and reduce imbalances in the external sector. In some countries, these economic policies that favoured the growth of the internal market increased the involvement of family business in traditional (such as cement) and new industries (such as metal-mechanic, steel and pharmaceuticals). In all Latin America, with clear differences in scale and scope, these new opportunities open the door to the creation of new families firms in industrial activities. In Peru, until the 1930s, the majority of family businesses were to be found in the agro-industrial sector (sugar and cotton), in trade, and a smaller group was in industry. However, during the period 1960-1990, the majority of the companies that were considered the core of the family business was found in the industrial or trade sector. As this case shows, the center of economic activity of the family group could change if better investment perspectives appeared in other sectors, or if the family needed to protect itself from some action by the Peruvian State. (Monsalve 2016).

In the case of Chile, this was the period of formation of today's dominant business groups. Matte, Angelini and Luksic groups have been operating from the 1960s, having extensive unrelated diversification from its origins. These longed lasting Chilean groups have demonstrated a considerable ability to adjust swiftly to macroeconomic changes and international shifts.

Up to the end of the 1950s, national capital firms had been one of the main beneficiaries of ISI policies, in the largest economies of Latin America, from that point on, and until the end of the 1960s, the focus was on attracting foreign capital. This was the so-called second stage of the state-led industrialization process, which took place in a context marked by the application of development programs all over Latin America in what was a new era of global expansion for multinationals. The changes mentioned above had direct effects on businesses, which varied due to the specificities of public policies and to the changing relationships established between entrepreneurs and the state during the various governments. In terms of players, the most notorious change was the significant advance of foreign companies (or MNCs), particularly in sectors that required high levels of investment and know-how (the automobile, chemical, pharmaceutical, and oil sectors).

In terms of sectors, family business continued be important in the food sector. For example, in México, the Bimbo case. In Brazil, during this period emerged of companies such as today Perdigao (1934) and Sadia (1944), which later will merge into Brasil Foods (BRF), and JBS-Friboi (1953). But at the same time, as mentioned before, more complex manufacturing activities appeared, such as metalworking, cement, steel (in Argentina, Siderca, part of the Techint group, owned by the Rocca family, founded in 1954), and chemicals & pharmaceutical. Construction companies that will became dominant players in the next period, were also founded in these years, such as the Brazilian Norberto Odebrecht, and the Peruvian Graña and Montero.

In the cases of survival, many firms went through generational processes and managed to successfully adapt to the economic changes of the interwar period and afterwards. For example, the Brazilian Gerdau went through periods of profound change, and the second generation took control of the enterprise.

At the same time, some family businesses that had managed to survive the Depression were no longer present by end of this period. In most cases, their failure was due to a number of factors: take-over by foreign capital, sectorial crises, the transition from one generation to the next.

So, overall in this period, Latin American largest family business had to adapt to a new stage in the LA economy and in most cases it was crucial their ability to benefit from changing and not always consistent state-led industrialization policies, but also was important to acquire new organizational structures from the 1940s onwards, within the context of a closed, regulated economies.

ODEBRECHT

The origins of this firm go back to the arrival of the German immigrant Emil Odebrecht to the Itajaí Valley in Santa Catarina, Brazil, in 1856. With his wife Bertha Brichels was the father of 15 children, and today the business he started in the new country is under the control of the fourth generation of the Odebrecht family. Emil´s grandson Emílio registered the company Emílio odebrecht & Cía in 1923, continuation of Isaac Gondim e Odebrecht Ltda, focused on construction in the NorthEast of Brazil in the interwar period. Scarcities of European imports during World War II was a serious external shock to the family firm, with skyrocketing prices of raw materials that moved Emílio to retire from business and be succeeded by his son Norberto in 1941. Norberto created his own enterprise in Salvador, Bahía, and introduced innovative organizational practices in the construction and projects he undertook in the country in the 1940s. A turning point was the first work for Petrobras, and the establishmenet of Construtora Norberto Odebrecht in 1954. In the 1950s and 1960s the company benefitted from the opportunities of economic expansion in the NorthEast and in the SouthEast, and progressively included in the portfolio of clients not just factory owners (Willys overland, Coperbo, Alpargatas Confeccoes y de tintas coral do Nordeste) but public enterprises (Petrobras headquarters in Rio de Janeiro, campus of Universidad Federal de Rio de Janeiro, International Airport do Galeao, Planta Termonuclear Angra I). In the 1970s and 1980s the family firm reinvested accumulated savings and profits to start diversification (Odebrecht perfuraçoes Ltda, acquisition of one third of Companhia Petroquímica Camaçari), and internationalization (Perú, Chile, Angola, Argentina, Ecuador, Portugal). The firm became a truly global corporation in the 1990s when investments started to target the United States, Europe, Asia, while consolidating the presence in Colombia, Mexico, Venezuela, and Argentina. Norberto Odebrecht retired from the first line of management in 1998 though remained in the group becoming President of the Odebrecht Foundation, and Emílio Odebrecht became new President of the Council Board of Odebrecht S.A. In 2002 Braskem was born, concentrating all the petrochemical assets of the Odebrecht Organization, and this significant event made Emílio Odebrecht transfer the position of C.E.O. in Odebrecht S.A. to Pedro Novis (who transferred the position to

Emílio´s son Marcelo in 2009), so Emílio could focus in Braskem. In 2004 the Organization celebrated 60 years of history, presence in 16 countries, and 40,000 employees. Diversification accelerated in the 21rst century in gas, oil, agroindustry, bioenergy, real estate, hydroelectricity, transport, logistics, green industries. Internationalization reached more significant presence in African countries like Mozambique, Libia, Liberia. The group was elected Best Family Firm of the World by the International Institute for Management Development (IMD) of Switzerland. Odebrecht was recognized as the biggest construction and engineering company in Latin America with world-leading technical capabilities. Yet this admiration disappeared when it emerged that the Odebretch was the center of the world's largest discovered corporate corruption network. According to some sources the $3.5billion that it has paid in corruption fines to authorities in Brazil, Switzerland and the US is the most by any private company. Odebrecht has admitted to paying bribes to more than 1,000 people to help it win around 100 contracts mostly in Latin America, shedding light on the differing levels of political and institutional corruption across the region.

Source: https://www.odebrecht.com/es/organizacion-odebrecht/historia
https://www.marketviews.com/latam/what-odebrecht-tells-us-about-corruption-in-latin-america/

BIMBO

Lorenzo Servitje (1918-2017), was born in Mexico of a Catalan immigrant father who had opened a small bakery, El Molino, in the capital city in 1928 together with two other Catalan entrepreneurs. Since he was sixteen Lorenzo Servitje worked in his father´s bakery, and he combined temporary support with his studies as accountant in the UNAM. As it happened with Carlos Slim, the sudden death of his father made him change his plans. He took control of the family bakery between 1937 to 1945. In 1945 he established a joint partnershipto establish Panificación Bimbo, with: Jaime Jorba (first Sales Manager, a Catalan from Terrassa who returned to Spain in 1961 to establish an independent Bimbo company there), Jaime Sendra (Human resources manager), Alfonso Velasco (baker) and José T. Mata (Lorenzo´s personal friend). His brother Roberto joined the business in 1945 in the sales department, and in charge of the vehicles of the firm. This team, with 34 workers, started producing different varieties of bread, and in an innovative approach imitating North American marketing practices of the time produced a radio program to advertise Bimbo products with music and easy to remember sentences. They sponsored stories of the little bear Bimbo, the official icon of the company, to attract mothers and children as consumers of their products. In 1985 the firm became Grupo Bimbo, and was listed in the Mexican Stock Market. They diversified to have their own fleet of trucks to deliver fresh products to the final consumers, and to have new products. Today Bimbo Group is the largest food business group in Mexico with 76 factories and 3 commercial distributors in Mexico, processing around 5,000 products, and exporting to other American countries, Europe and Asia with more than 34,000 distribution routes in the world, and around 90,000 employees. Their internationalization has been reached with huge investments in greenfield factories, strategic alliances and joint ventures, and acquisitions in the last decades in China (Pan Rico Beijing), Guatemala (Pan Europa), Uruguay (Los Sorchantes), Chile (Lagos del Sur), Mexico (Pastelerías El Globo, La Corona, Joyco), Colombia (Lalo), the United States, and Brazil.

Source: https://www.grupobimbo.com/es/fundadores;
https://www.grupobimbo.com/es/nuestra-historia:
https://historia-biografia.com/historia-de-bimbo/

5.- Latin American Family Businesses in the Last Wave of Globalization, 1980s-2010

In the 1970s, a new period of economic reforms began in Latin America. As explained by Ocampo & Ros (2011), several facts contributed to this new paradigm shift in Latin America. The rapid growth of East Asia, based on manufacturing exports and outward orientation, led to a reassessment of the role of trade as well as the role of government. In addition, the debt crisis of the 1980s was critical in the reversal of the previous consensus on the development strategy: government as an obstacle to development, the private sectors as the leading actor, trade as the engine of growth, and foreign direct investment as priority. The World Bank and the IMF promoted this new reform agenda. However, this was not a linear process, there were a lot of policy diversity among countries, and one that involved many advances and set-backs. Diversity was evident both in the models of macroeconomic management and in the speed and scope of some structural reforms (Ocampo & Ros 2011). But overall, during this period a first attempt at the liberalization and deregulation of the economy, bringing the period when industrialization and full employment had been a sustained state policy to a gradual end.

In this context of disruption, in family businesses there were success stories, but also failures, and uncertainty. In Chile, General Pinochet's government brought about a radical change in Chile's economic strategy, as well as in State-business relations, by adopting pro-market policies, including large-scale privatizations, financial liberalization, and market deregulation. In this context, many feared that companies would be unable to survive foreign competition. Testimonies of several business leaders' comments indicate that their initial reaction was to resist opening measures, out of concern for the continuity of companies that had thrived under significant protection. Eliodoro Matte, family-controlled company in the pulp and paper industry, described this situation for CMPC, one of the most emblematic and historical Chilean companies: "CMPC had been a protectionist company, and its old administration posed objections."[3] To adapt to this new setting, companies needed to radically revise their strategies and managerial systems. Not all Chilean businesses were ready to meet this new challenge, or to overcome it successfully. In addition, a few years later, the 1982 crisis hit hard Chile, which proved devastating for many family- businesses. Matte noted "With the crisis in the early 1980s," "both the company's and the country's survival were at stake."[4]

In México, a company such as Vitro was hardly hit by its high dollar debt in 1982 (Cerutti 2016). In order to survive entered the financial sector, and was force to an organizational restructuring, as many other Latin American family firms during this difficult times. In this complex restructing process**,** large companies and/or families also abandoned activities of low profitability or competitiveness - steel production, for example - and redirected capital toward areas with a better perspective: agro-industry, food products,

3. "Interview with Eliodoro Matte Larraín, interviewed by Andrea Lluch, Santiago, Chile, May 28, 2008, Creating Emerging Markets Project, Baker Library Historical Collections, Harvard Business School, http://www.hbs.edu/creating-emerging-markets/."
4. "Interview with Eliodoro Matte Larraín, interviewed by Andrea Lluch, Santiago, Chile, May 28, 2008, Creating Emerging Markets Project, Baker Library Historical Collections, Harvard Business School, http://www.hbs.edu/creating-emerging-markets/."

communication, the automotive sector, trade, services, depending on XX. Others companies, such as Cemex or Vitro in México accelerated their internationalization.

In Argentina, the 1980s was a time of consolidation for some of the largest DBGs, while they continued to enjoy the benefits of incentive schemes for investment and export, market reserves, and public contracts. This process, however, was not homogenous, since traditional players such as Bunge & Born, declined its dominance in Argentina, since it had already redirected their activities towards Brazil first and, later, to the United States.

The 1990s marked another era in Latin America. In the 1990s, governments made a series of reforms that focused on macroeconomic stabilizing, market liberalization, and the privatization of public companies. Another relevant change in the southern part of Latin America was the creation in 1991 of a regional market, the MERCOSUR, comprising Argentina, Brazil, Paraguay, and Uruguay. This process (as well as NAFTA and other regional agreements) had considerable implications for the business sector: “I anticipated a changing scenario in Argentina; players had changed,” Luis Pagani of family-controlled Arcor observed. “MERCOSUR was a larger market, so to speak, and Brazil offered major opportunities –it still does. We said to ourselves, ‘this is the new map; we have to adapt ourselves to it’. Globalization was a fact…”[5]

In most of the countries, these structural reforms had a huge impact on the ownership structure of largest LA economies. For example, in Peru, Durand (2007, 149) have shown the first years of market reform strengthened foreign companies; they benefited from privatization and invested directly in the primary export sector, above all in mining. Some entrepreneurial families in mining, like the Benavides group, began in the 1990s to implement policies of strategic alliances or joint ventures, with the aim of obtaining capital for large mining projects such as Yanacocha with the *New Mont* company. This example shows that a strategy to survive was to become junior partners to the multinationals through the process of acquisition of private companies.

The scenario became a lot more competitive with the massive influx of foreign companies. A result was the notable increase in foreign take-over. This is explained to a large extent by the opening-up of markets through privatization, the return of foreign companies or their arrival there. So, a correlative phenomenon was the gradual disappearance of historical firms and entrepreneurial firms. In this challenge environment, five of the nineteen Peruvian economic groups went bankrupt (Galski, Lucioni, Nicolini, Picasso Salinas, Wiese), two were taken over by foreign companies (Bentín and Wong), and three (Piaggio, Piazza and Wu) saw their economic positions downgraded.

5."Interview with Luis Alejandro Pagani, interviewed by Andrea Lluch, November 18, 2008, Creating Emerging Markets Project, Baker Library Historical Collections, Harvard Business School, http://www.hbs.edu/creating-emerging-markets/."

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This process of diminishing economic power of the important entrepreneurial families is what leads Durand to argue that there is a process of foreign take-over in the Peruvian economy (Durand, 2007).

In Argentina, for another cluster of family businesses and entrepreneurial families, this was also a time of challenges and crisis. However, groups like Techint, Arcor, Pérez Companc, Urquía, IMPSA, and Madanes Quintanilla (Aluar) strengthened their positions in the local market, often withdrawing to their respective core business, and increased their presence in external markets through exports and FDI operations, professionalization of management, and the renewal of organizational structures.

Overall, the experience of the large family businesses in the 1990s was ambiguous and heterogeneous. And in the same challenging environment, some firms became stronger by opting for processes of internal restructuring and actively seeking business opportunities. In particular, two processes affected the profile of large FB. First, the privatization of public enterprises –together with the opening up to private investment of public services and utilities sectors, was a key factor to explain the growth of some groups. In Brazil, for example, the Gerdau group in Brazil.

Second, the ones who could able to survive, during this period most increased the range of their operations abroad and begun processes of internationalization. Family-controlled largest firms and groups' globalization reveals a noteworthy feature of this period. Starting in the late 1980s (or even earlier), this process intensified during the 1990s, when large Chilean, Brazilian, Mexican and Argentinean companies made direct investments abroad, taking advantage of their management progress and the opportunities provided by regional conditions. In Chile, sizeable investments were made in electricity generation and distribution, but other sectors controlled by family firms –like manufacturing and retailing- also rallied interest. Exploring new opportunities abroad was systematically linked with domestic market challenges. "We are forced to venture abroad, and that again is a significant advantage," Horst Paulmann, president of the retailer family controlled firm Cencosud, noted, "In the past, we were fortunate enough that foreign players would not come here due to the lack of a market. Today, we are forced to venture abroad."[6]

From those that followed, it is worth mentioning *JBS-Friboi* case, that began its process of internationalization in 2005 and currently holds a top position globally in beef cattle management. According to Dalla Costa (2011, 153), the group had "installations capable of dealing with the slaughter of 65.2 thousand heads per day. It had 22 industrial plants in Brazil, 6 in Argentina, 16 in the United States, 10 in Australia and 10 in Italy, giving employment to 125 thousand workers globally"[7]. The role of *BNDES* was of fundamental importance in the financing of companies in general.

6."Interview with Horst Paulmann Kemna, interviewed by Andrea Lluch, May 29, 2008, Creating Emerging Markets Project, Baker Library Historical Collections, Harvard Business School, http://www.hbs.edu/creating-emerging-markets/."

7. The text by Dalla Costa, 2011; gives other examples of internationalization of Brazilian family companies, such as Gerdau, Marcopolo, Randon, JBS-Friboi, BRF-Brasil Foods and Marfrig.

Another common strategy followed by many Latin American family firms was alliances and joint-ventures, a strategy that had been extremely common among Asian countries when they had started their process of fast reduction of technological gaps with Western Economies in the 1960s through the 1980s. In Latin American the fast speed in the globalization of their companies after the 1990s was also favored initially through alliances first, and mergers and acquisitions later, as it was common among Asian giants in the 1960s-80s and after the 1980s by many Southern Mediterranean corporations controlled by families. In Peru, family groups formed alliances with companies from abroad. For example, Ferreyros S.A. specialized, through partnership with Caterpillar Co., in the sale of capital goods and services for the large scale mining industry. The Lindley family sold the Inka Kola brand to Coca Cola Co. in exchange for a percentage of the sales and the role of bottler and distributer of the US company in Peru. In construction, the Peruvian Graña y Monetero S.A. diversified considerably and established an alliance with Odebrecht of Brazil (Monsalve 2016).

The internationalization of the companies and the growth of their operations increased the use of professional managers that have no family links with the owners of the company. In addition, the use of holding companies format has expanded, allowing the combination of family-based administration and the "managerial revolution".

In terms of sector, data of 2010 year, and according to the net assets indicator, determines that the family businesses and groups at the top of the ranking for Latin America specialized in construction, chemicals, metals and telecommunications (Fernández and Lluch, eds. 2016). This criteria make particularly visible industries where fixed assets dominate: capital-intensive businesses that dominated in family businesses during the period after the 1980s, when the financial, regulatory and market conditions favoured the expansion of large private family groups in these capital-intensive sectors. As explained, before the 1980s, the State dominated the most technological and capital-intensive industries in all the countries of our sample, not private companies. This means that before the 1980s the largest family businesses were mostly observed in activities less intensive in fixed assets. But at the same time, the sales indicator by 2010 shows that the activities of retail trade, food and beverages, transport, accommodation and tourist services were revealed as being the key market niche of the less capital-intensive family businesses in the nine countries under analysis in that research. To measure and compare top family businesses by sales helped to connect with many publications that point towards the historical importance of informal networks, contact with local and regional markets, the significance of family ties in reducing financial costs and high risk situations. Today, small and medium-sized companies and networks occupy the top 20 in small Central American countries such as Costa Rica and Honduras.

GRUPO CARSO

The history of Grupo Carso is the history of Carlos Slim and his family. Carlos Slim was born in Mexico City in 1940, son of Julián Slim Haddad, a Lebanon expatriate who arrived in Mexico in 1902. Julián Slim arrived in Veracruz, and moved to Tampico, Tamaulipas, where four of his older brothers had already lived since 1898 (José, Elías, Carlos and Pedro Slim). The Slim brothers moved to Mexico

City and in 1911 Julián Slim and his brother José founded the company La Estrella de Oriente ("the Star of the East"). In May 1914, during the Mexican Revolution, Don Julián, then 26 years old, bought his brother's fifty percent stake. La Estrella de Oriente turned into an important dry goods store. The success of the business enabled don Julián to acquire eleven more properties in the same area, one of the most commercial, active and significant in downtown Mexico City. By 1922, his net worth was already $1,012,258 pesos between real estate, businesses and various stocks. In 1926, Julián Slim married Linda Helú, a Mexican woman from Lebanese immigrant parents - José Helú and Wadiha Atta, who had arrived in Mexico at the end of the 19th century. They had five children: Nour, Alma Julián, José, Carlos and Linda. Julián Slim Haddad became a prominent businessman, well-known in the Lebanese community; he served as president of the Lebanese Chamber of Commerce for almost 20 years (from 1930 until the end of the 1940s).

Carlos Slim Helú received a strong set of business values from his father. Carlos Slim opened his first checking account and bought shares of Banco Nacional de México when he was 12 years old. When he was thirteen, in 1953, his father died. Carlos Slim could continue his studies and graduated in civil engineering at the Universidad Autónoma de Mexico, in 1960. In that University he would teach Algebra and Linear Programming while he was still studying. In 1965, when he was 25 years old, he established the bases of Grupo Carso, by incorporating Inversora Bursátil (investment company), Jarritos del Sur (bottling company) and Inmobiliaria Carso (real state). One year later, in 1966, Slim married Soumaya Domit Gemayel, a woman member of the local Lebanese immigrant elite of Mexico City (Soumaya was the daughter of the entrepreneur Michel Domit and niece of the ex-president of Lebanon Amin Gemayel). They had six children: Carlos, Marco Antonio, Patrick, Soumaya, Vanessa and Johanna.

Slim founded and acquired several companies in the real estate business during the second half of the 1960s: Promotora del Hogar, S.A. (residential real estate company) and GM Maquinaria, (buying, selling and renting construction equipment) in 1967; Mina el Volcán SSG Inmobiliaria, S.A. (real estate) in 1968; Bienes Raíces Mexicanos, S.A. (real estate), Nacional de Arrendamientos (real estate), and Invest Mentor Mexicana (investment company) in 1969; Pedregales del Sur, S.A. (real estate) in 1972. In 1976 he acquired 60% of Galas de México, a printer of labels and calendars. In 1980, Grupo Galas was born, and its principal activities were: industry, construction, mining, retail, food and tobacco. This was the true economic takeoff: an industrial investment in 1981, in a tobacco company, Cigatam, that generated a great deal of cash flow and allowed to reinvest and have cash to buy, when the debt crisis came in 1982, some companies "at 1.5% of their book value".

In 1982, the Mexican Government threatened not to pay its national foreign debt, and this unleashed a crisis both in Mexico and throughout Latin America, where the net flow of bank loans came to an abrupt halt (Bulmer Thomas, 2003). It was an opportunity for investors with cash: Slim bought Reynolds Aluminio, General Tire, Bimex, S.A., Hullera El Centenario Firestone, 40% of British American Tobacco, 33% of Anderson Clayton, Seguros de México; Sanborns, Dennys, Fábricas de Papel Loreto y Peña Pobre, Pamosa, 50% of Hershey's and Artes Gráficas Unidas; Empresas Nacobre, Minera Frisco and Química Fluor. In 1984, Slim created Grupo Financiero Inbursa – the financial arm of Slim´s conglomerate. In Carlos Slim's own words: "We paid peanuts for important stocks. These were good times to buy cheap. We got these companies going and subsequently we sold some of them". During the 1980s a period of privatizations began in Mexico, especially between 1984 and 1988. To finance the growth strategy planned to take advantage of the emerging opportunities, Grupo Carso went public with an Initial Public Offering in 1990. Then, a restructuring process was made by centralising the different business areas, through mergers of the Group's companies and international IPOs. The new scenario enabled Slim to diversify his core business in a promising area:

telecommunications. In 1990, Slim won the bid to acquire Telmex jointly with Southwestern Bell and France Telecom. Carso Global Telecom, the holding company for Telmex, was born. Several acquisitions reinforced the position in other business areas: Hoteles Calinda; Condumex and a majority interest in General Tire and Grupo Aluminio; in 1999 Pastelería Francesa El Globo, and Carso Infraestructura y Construcción, S. A. (CICSA), a construction and engineering company, was created. To clarify the organizational structure, in 1996 Grupo Carso was split into three companies: Carso Global Telecom, Grupo Carso and Invercorporación.

During the 1990s and the first decade of this present century, the telecommunication area was reinforced by a lot of acquisitions made throughout America. His presence in the North American market improved with the launch of Telmex USA (1997), and the acquisition of an interest in the cellular company Tracfone (1999). In 2000, América Telecom was born and Slim acquired equity stakes in American cellular telephone companies, such as ATL and Telecom Americas in Brazil; Telgua in Guatemala; Conecel in Ecuador; and Techtel in Argentina. That year, Carlos Slim and Bill Gates opened the Spanish portal T1msn, in Mexico. This was a strategic alliance that confirmed the solid networking connexion of the successful Mexican businessman and his capacity to translate it into new lines of business. During the first years of the new century, Slim reinforced his position in telecom by acquiring shares of cellular telephone companies in Brazil (Tess, Telet, Americel and a larger stake in ATL in 2001); Comcel (Colombia), Techtel in Argentina; and increases in its equity stake in cellular telephone companies in Brazil, in 2002; acquisition of shares of Celcaribe (Colombia), BSE and BCP (Brazil), CTE (El Salvador), and CTI (Argentina), in 2003; Entel (Nicaragua), Megatel (Honduras), most of the stock of CTE (El Salvador), AT&T Latin America (Argentina, Brazil, Chile, Colombia and Peru) Chilesat, Techtel, Metrored and Embratel, in 2004. Slim's investment in the United States was completed with the acquisition of 6.4% of the New York Times Company in 2008 (6.9% in 2010). The financial part of the conglomerated Grupo Financiero Inbursa established a strategic alliance with La Caixa de Barcelona, an important bank of Spain.

Slim has developed an intense philanthropic activity, both in his own name and through various companies. He created Fundación Carlos Slim Helú in 1986; Museo Soumaya (for his wife) in 1994; Fundación Telmex in 1995; and Fundación del Centro Histórico de la Ciudad de México in 2000. His international activity after retiring from direct management of daily routines in his group to transfer them to his heirs has increased in the last years.

His sons are already in the management of the group. Carlos Slim Domit (43 years old) was Honorary Life Chairman of Grupo Carso, a position he also held at Telmex, América Móvil and Grupo Financiero Inbursa. The day-to-day business is already controlled by Carlos, Marco Antonio (42 years old) and Patrick Slim Domit (41 years old), who serve as directors of Grupo Carso. Carlos Slim Domit is the chairman of Carso Group, president and General manager of Sanborns, Chairman of Telmex International, Teléfonos de Mexico, Carso Global Telecom. He holds a degree in Business Administration from Universidad Anáhuac. Marco Antonio Slim Domit was Chairman and General Manager of Inbursa (the financial arm of the group), Chairman of Inversora Bursatil, and Seguros Inbursa, Deputy Chairman of Impulsora del Desarrollo y Empleo en América Latina, and director of Teléfonos de México, Carso Global Telecom. He holds a degree in Business Administration from Universidad Anáhuac. Patrick Slim Domit was Deputy Chairman of Carso Group, Chairman of América Móvil, Comercial manager of Teléfonos de México, Chairman of Grupo Telvista, director of Teléfonos de México, Carso Global Telecom, Impulsora del Desarrollo y el Empleo en América Latina. He had a degree in Business Administration from Universidad Anáhuac. It is interesting to observe that Slim could have perfectly paid for a world prestigious university education for his sons, but preferred to educate his successors in a famous Mexican university that has been linked since 1964 to the “Legionarios de Cristo”, an elitist Catholic group with strict values that he wanted his family to adopt in their handling of life and business.

Source: Paloma Fernández Pérez and María Fernández Moya, “The creation and transfer of entrepreneurship in emerging economies of the world. An approach through large family-owned corporations of China, Mexico and Brazil”, *Journal of Evolutionary Studies in Business* (forthcoming)

JBS

This Brazilian family group is one of the most relevant Global Latinas in the food industry, with more than 235,000 direct or indirect employees in the world, and presence in more than 20 countries in commercial and productive activities. The founder was José Batista Sobrinho, who opened in 1953 Casa de Carnes Mineira, in Anápolis, in Goiás, in the Center-Western region of Brazil. The opportunity was the construction of the new capital of the country, Brazilia, when millions of new dwellers arrived in an empty place, with many needs. Sobrinho specialized in the supply of cow meat. The success led to vertical integration investments in the 1970s, with the acquisition of a slaughter facility in Formosa-Go, and the birth of the famous brand Friboi (combination of the two words freezer, and cow). Horizontal integration followed, with the acquisition in the 1980s of distribution facilities that allowed a substantial increase in scale and scope in the distribution of meat to other regions of Brazil towards the South and the South East. The late 1980s and 1990s were times of diversification into soap factory Minuano, and of expansion of production capacity with the acquisition of Luziania-Go in 1988 and Anápolis-Go in 1993. The new context in the late 1990s, favorable to internationalization and acquisitions everywhere in the world, opened opportunities for entry into competitive attractive markets across the Atlantic. The group obtained European Union certificates of quality, and improved commercial, logistic, and financial systems. The growth led to establish new headquarters in Sao Paulo in 2004, and enter in American neighbours through acquisitions (Swift Armour, Argentina, Swift in the United States and Australia, and the pork unit of Cargill in the United States in 2015), and presence in the New York Stock Exchange (2016).

6.- Conclusions

Entrepreneurial family-controlled businesses have flourished in Latin America before and during colonial times, and many of them disappeared with the Independence movements across the continent. Since the end of the nineteenth century, a dual system of Latin American entrepreneurial family-controlled businesses slowly emerged in the region, that still characterizes family firms in the region in the first decades of the 21rst century: very large business groups on the one hand, and very small microfirms on the other hand, both in relative coexistence with the other two big actors driving growth in the region. Two actors that have sometimes been tough competitors, and sometimes have transferred to family enterprises much needed resources or knowledge to cooperate with them: foreign multinationals, and large State controlled enterprises.

Some of the large-scale family controlled Latin American firms have retained some enduring risk reduction features over the years, like the preference for the creation and expansion of very diversified business groups (DBGs). On the other hand, there were and are a myriad of millions of entrepreneurial family-controlled small and medium businesses in less added value capital intensive industries, in retail and wholesale trade (textiles, food, beverages, shoe industry, leather related industries, shops, small transportation and distribution businesses), in the repair and maintenance services, and in small professional services (legal, engineering, medical services, and domestic and touristic services). Some of them have become in recent years global players.

After the collapse of world trade with the financial crash of the 1930s many family businesses disappeared, others diversified to survive, and many new appeared between the 1930s and the 1980s. Again, after the debt crisis of the 1980s and the industrial and financial crisis in the world of the 1970s, external shocks forced institutional changes and business changes in the region. Policies promoted commercial alliances between countries in the region (like MERCOSUR) and with neighbouring powerful partners like the US and Canada (NAFTA) and Asia, opening new business opportunities. As seen, the second global economy favored (but not initiated) the internationalization of national firms. Many family controlled firms of medium sized of the former period had the opportunity to grow in this context, and large family firms of the previous period could reduce previous high uncertainties and risks involved in crossing their borders and investing in neighboring Latin American countries and developed neighbors.

Economic performance has varied by country, sector of activity and historical period (along economic cycles of expansion, recession and crises), as well as in terms of their impact on their specific country's wealth concentration and conditions of poverty. Overall, sales, mergers, and failures have had a strong impact on the dynamic reconfiguration of Latin American family capitalism in the long term. In fact, the survival of domestic firms, including family-owned firms, was also affected by the volatility of the macroeconomic situation, which was subject to the significant variations in economic policies and to recurrent crises, all of which had a direct impact on business performance, even though this was very heterogeneous at the level of sectors and firms.

However, and despite the often volatile environment, a significant proportion of family businesses managed to expand as seen by Tables 1, 2 and 3, even in difficult conditions, and many survived successfully for various generations. In terms of dominant strategies family businesses have used: a) diversification; b) internationalization; d) prudent financial strategies and manageable levels of debt also mattered; d) and the capacity to handle the transition from one generation to the next, as well as the gradual professionalization of management, using both traditional values and new professional tools to handle the resolution of conflicts.

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Links to Multimedia Resources

Handbooks and articles with general topics

1. Latin America and Spain

Interactive microsite with database
https://www.fbbva.es/microsites/EmpresasFamiliares/empresas.html

Cross country and national reports
https://www.fbbva.es/wp-content/uploads/2017/05/dat/DE_2015_familias_empresarias_apendice.pdf

Historical analysis (national and cross country):
https://www.fbbva.es/wp-content/uploads/2017/05/dat/DE_2015_familias_empresarias.pdf

2. Western developed countries and others
http://www.untag-smd.ac.id/files/Perpustakaan_Digital_1/FAMILY%20BUSINESS%20Handbook%20of%20Research%20on%20Family%20business.pdf

3. History as a tool for entrepreneurial families https://www.edhec.edu/fr/edhecvox/lhistoire-une-ressource-strategique-pour-les-entreprises-familiales

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- Latin America http://www.campdenfb.com/article/rich-also-cry-why-latin-american-family-business-does-not-have-turn-family-drama

Appendix

Table A1.

List top family businesses in eight Latin American countries in 2010 founded between 1870-1930 (listed and non-listed)

Year start of family business	Country	Name Family Business	Sector	Age in 2010 (years)
1872	Chile	C. SUDAMERICANA DE VAPORES	Transport	138
1876	Colombia	Kopp y Castello/Bavaria	Beverages	134
1880	Honduras	Comercial Casa Bueso	Professional activ.	130
1888	Argentina	Cervecería Argentina Quilmes	Beverages	122
1889	Chile	S.A.C.I. FALABELLA	Retail Trade	121
1889	Perú	Banco de Crédito del Perú	Financial Services	121
1890	México	Fábrica de Hielo y Cerveza Cuauhtémoc/FEMSA	Beverages	120
1896	Perú	Rímac Internacional Compañía de Seguros y Reaseguros	Insurance	114
1897	Perú	Banco Internacional del Perú S.A.A. - Interbank	Financial Services	113
1898	Chile	EMPRESAS CAROZZI	Food	112
1899	Brasil	Klabin S.A.	Pulp and Paper	111
1899	México	Banorte*	Financial Services	111
1901	Brasil	Gerdau Aços Longos S.A.	Metal	109
1901	México	GNP	Insurance	109
1902	Chile	CCU/Cervecerías Unidas	Beverages	108
1904	Colombia	Gasesosas Posada Tobón S.A. -Postobon	Beverages	106
1905	Argentina	Banco de Galicia y Buenos Aires	Financial Services	105
1907	Argentina	Ind Metalurgia Pescarmona IMPSA	Machinery	103
1908	Argentina	Importadora y Exportadora de la Patagonia	Retail Trade	102
1908	Argentina	Ledesma	Food	102
1908	Brasil	Arthur Lundgren Tecidos S.A. - Casas Pernambucanas	Retail Trade	102
1909	México	Vitro	Glass	101
1910	Argentina	Fravega	Retail Trade	100
1910	Perú	Corporación José R. Lindley S.A.	Beverages	100
1913	Argentina	BGH	Electronics	97
1917	Chile	ELECMETAL	Metal	93
1920	Chile	EMPRESAS CMPC	Paper	90
1920	México	Chedraui	Retail Trade	90
1921	Colombia	RIOPAILA CASTILLA S.A.	Food	89
1924	Brasil	Suzano Papel e Celulose	Pulp and paper	86
1925	México	Modelo	Beverages	85
1929	Argentina	Vicentin	Food	81
1929	Argentina	Mastellone Hnos.	Food	81

Year start of family business	Country	Name Family Business	Sector	Age in 2010 (years)
1930	Costa Rica	Grupo HA (Humberto Alvarez)	Express Mail	80

Source: Own elaboration with data from Fernández Pérez and Lluch (eds.) 2015 and 2016.

*Casa de Bolsa Banorte Ixe, formally registered as such in 1942, was a merger of previous businesses started in 1899.

Table A2.
List top family businesses in eight Latin American countries in 2010 founded in 1931-1980 (listed and non-listed)

Year start family business	Country	Name Family Business	Sector	Age in 2010 (years)
1931	Argentina	Molinos Rio de La Plata	Food	79
1931	México	CEMEX	Construction	79
1933	Perú	Graña y Montero S.A.	Construction	77
1934	Chile	EMPRESAS COPEC	Energy	76
1936	Brasil	Cosan CI	Food	74
1936/1944	Mexico	Empaques de Cartón Titan&HYLSA/ALFA*	Paper	74
1936	Colombia	C.I. J.GUTIERREZ Y CIA S.A.	Retail Trade	74
1937	Chile	BANCO BCI	Financial Services	73
1938	Colombia	Productos Familia S.A.	Paper	72
1939	Brasil	Construções e Comércio Camargo Corrêa S.A.	Construction	71
1939	Colombia	CRISTALERIA PELDAR S.A	Glass	71
1940	Costa Rica	DIPO (Pedro Oller S.A.)	Logistics	70
1941	México	Coppel	Retail Trade	69
1941	Perú	Gloria S.A.	Food	69
1944	Brasil	Construtora Norberto Odebrecht S.A.	Construction	66
1944	México	Comercial Mexicana	Retail Trade	66
1945	México	Bimbo	Food	65
1946	Brasil	Companhia Siderúrgica Nacional (CSN)	Metal	64
1946	Chile	EMBOTELLADORA ANDINA	Wholesale Trade	64
1946	Costa Rica	Grupo Nación	Retail Trade	64
1948	Argentina	Aceitera General Deheza	Food	62
1949	Colombia	C.I. FUNDICION ESCOBAR S.A.	Metal	61
1949	México	Gruma	Food	61
1950	Argentina	Droguería del Sur Temis Group (Droguería del Sud and Laboratorio Temis Lostalo)	Pharmaceutics	60
1950	Honduras	Lovable de Honduras	No Data	60

Year start family business	Country	Name Family Business	Sector	Age in 2010 (years)
1950	México	Lala	Food	60
1950	México	Elektra	Retail Trade	60
1951	Argentina	Garbarino	Retail Trade	59
1951	Honduras	Banco de Occidente S.A.	Financial Services	59
1951	Argentina	Arcor	Food	59
1952	Brasil	Companhia Brasileira de Distribuição	Retail Trade	58
1952	México	Bachoco	Food	58
1952	Chile	Ultramar/Compañía Naviera	Transportation	58
1953	Brasil	JBS S.A.	Food	57
1953	Perú	Compañía de Minas Buenaventura S.A.A.	Mining	57
1954	Argentina	Tenaris	Metals	56
1955	Costa Rica	Cefa Comercial, S.A.	Retail Trade	55
1956	Chile	RIPLEY CORP	Retail Trade	54
1956	Costa Rica	Grupo Costenla S.A.	Logistics	54
1956	Honduras	Industria Papelería Honduraña (INPAHSA)	N.D.	54
1956	México	Proeza	Metals	54
1956	Perú	Alicorp S.A.A.	Food	54
1957	Brasil	Magazine Luiza S.A.	Electronics	53
1957	Colombia	TECNOQUIMICAS S. A.	Pharmaceutics	53
1957	Costa Rica	Purdy motor	Car Repair	53
1957	Costa Rica	Irex	Manufacturing	53
1958	Mexico	Telmex*		
1958	Costa Rica	Canal 7 Televisora de Costa Rica S.A.	Media	52
1960	Chile	AGROSUPER	Food	50
1960	Honduras	Corporacion Dinant	N.D.	50
1960	Honduras	El Cortijo	N.D.	50
1961	Argentina	Ternium	Metals	49
1961	Brasil	Weg Equipamentos Elétricos S/A	Electronics	49
1961	Colombia	MOLINOS ROA	Food	49
1963	Colombia	ALMACENES LA 14 S.A.	Retail Trade	47
1963	Colombia	INGENIO DEL CAUCA S A	Food	47
1963	Colombia	RCN TV	Media	47
1963	Costa Rica	Alimentos Jack's de Centroamérica S.A.	Food	47
1964	Perú	Corporación Aceros Arequipa S.A.	Metals	46
1965	Brasil	Globo Comunicação e Participações S.A	Media	45
1967	Perú	Cementos Lima S.A.A.	Construction	43
1968	México	Soriana	Retail Trade	42
1969	Brasil	Natura S.A.	Chemicals	41
1969	Costa Rica	Cía. Const. Van der Laat y Jiménez	Construction	41
1970	Argentina	Coto	Retail Trade	40
1970	Argentina	Aluar	Metals	40

Year start family business	Country	Name Family Business	Sector	Age in 2010 (years)
1970	Honduras	Laboratorios Andifar	Metals	40
1970	Honduras	Granja Avicola Ganadera Raquel	N.D.	40
1970	Honduras	Medstat	N.D.	40
1970	Honduras	Tiendas Carrion	N.D.	40
1971	Costa Rica	Grupo Monge	Retail Trade	39
1971	Honduras	Almacenes Lady Lee	N.D.	39
1973	Costa Rica	Sardimar	Food	37
1973	Mexico	Televisa	Media	37
1974	Chile	SONDA	ICTs	36
1974	Costa Rica	Gollo	Retail Trade	36
1974	Honduras	Grupo Ficohsa	N.D.	36
1975	Chile	MOLYMET	Mining	35
1976	Brasil	TAM linhas aereas S.A.	Transportation	34
1976	Chile	CENCOSUD	Retail Trade	34
1977	Costa Rica	Constructora MECO	Civil Engineering	33
1977	Perú	Minsur S.A.	Mining	33
1978	Brasil	Amil Assistência Médica Internacional S/A	Health Care	32
1978	Chile	BICECORP	Financial Services	32
1978	Costa Rica	Envases Comeca S.A.	Rubber and Plastics	32
1979	Perú	Supermercados Peruanos S.A.	Retail Trade	31
1980	Colombia	CONALVIAS S A	Civil Engineering	30
1980	Honduras	SERPIC	N.D.	30
1980	México	Grupo Carso	Divesified Business Group	30

Source: Own elaboration with data from Fernández Pérez and Lluch eds. 2015.

*Telmex: in 1958 a group of private Mexican investors led by Carlos Trouyet bought Telmex (founded 1947) to AT&T and Ericsson, with support of the Mexican government. In 1972 the Mexican State came in as a dominant shareholder. In 1990-91 the business became privatized, and controlled by a consortia, and finally ended up under the control of the family controlled Grupo Carso of the Slim family.

* Alfa started in 1974 with the merger of previous firms born in the late 1930s and 1940s: Empaques Titan, HYLSA and Draco (www.alfa.com.mx)

Table A3
List top family businesses in eight Latin American countries in 2010 founded in 1981-2017 (listed and non-listed)

Year start family business	Country	Name family business	Sector	Age in 2010 (years)
1981	Honduras	Vestimoda Industrial	Manufacturing	29
1982	Chile	ANTOFAGASTA PLC	Mining	28
1983	Chile	COLBÚN	Energy	27
1983	Costa Rica	Volio & Trejos Asociados, S.A.	Civil Engineering	27
1983	Honduras	Maquinaria y Proyectos (MYPSA)	Professional Activities	27
1984	Argentina	Grupo Los Grobo	Agroindustry	26
1984	Costa Rica	Grupo Farmanova Intermed S.A.	Retail Trade	26
1984	Honduras	Llanticentro Ceibeño	N.D.	26
1985	Costa Rica	Grupo Britt	Wholesale Trade	25
1985	Honduras	Inversiones Benlow	Metals	25
1986	Costa Rica	Banco Improsa	Financial Services	24
1987	Colombia	BELSTAR S.A.	Chemicals	23
1988	Argentina	Banco Macro	Financial Services	22
1988	Perú	Ajegroup	Beverages	22
1989	Costa Rica	Extrusiones de aluminio S.A. (Extralum)	Minerals	21
1990	Honduras	Energía y Comunicaciones	Professional Activities	20
1990	Honduras	Ferretería HERCO S. De R.L.	Wholesale Trade	20
1992	Colombia	HYUNDAI COLOMBIA AUTOMOTRIZ S A	Car Sale and Repair	18
1992	Perú	El Pacífico Peruano-Suiza Compañía de Seguros y Reaseguros	Insurance	18
1993	Colombia	ALTIPAL BOGOTA LTDA	Wholesale Trade	17
1994	Colombia	Sodimac Colombia S.A	Retail Trade	16
1994	Honduras	Grupo Continental	N.D.	16
1994	Chile	LAN/LATAM*	Transportation	16
1995	Perú	Credicorp Ltd.	Financial Services	15
1996	Argentina	Clisa	Professional Activities	14
1996	Brasil	Alesat Combustíveis S.A	Wholesale Trade	14
1996	Colombia	AUDIFARMA S.A.	Wholesale Trade	14
1996	Perú	El Pacífico Vida Compañía de Seguros y Reaseguros S.A.	Insurance	14
1997	Colombia	Supertiendas y droguerías Olímpica S.A	Retail Trade	13
1997	Perú	IFH Perú Ltd.	Professional Activities	13
2000	Colombia	COMPAÑIA COLOMBIANA DE CERAMICA S.A. COLCERAMICA S.A	Construction Materials	10
2000	Chile	Banco de Chile*	Financial Services	10
2001	Brasil	Vrg Linhas Aéreas S/A (Gol Linhas Aereas)	Transportation	9
2002	Brasil	Braskem S.A	Chemicals	8

Year start family business	Country	Name family business	Sector	Age in 2010 (years)
2005	Perú	Primax S.A.	Wholesale Trade	5
2008	Perú	Holding Alimentario del Perú S.A.	Financial Servides	2

Source: Own elaboration with data from Fernández Pérez and Lluch eds. 2015.

*LAN: the firm began under State control in 1929, and the privatization took place between 1989 and 1994. In 1994 the Cueto family began control, until our days.
* Banco de Chile: a merger of previous Banks in 1893, progressively under the Luksic´s family control after 2000.