



**PALGRAVE STUDIES IN
FAMILY BUSINESS HETEROGENEITY**

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Family Business Heterogeneity in Latin America

A Historical
Perspective

Claudio G. Müller · Fernando Sandoval-Arzaga

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Palgrave Studies in Family Business Heterogeneity

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Contemporary family business research has been moving from highlighting the differences between family and non-family firms to the differences among family firms owing to the financial and non-financial dynamics that influences the strategic decisions and family firm actions. While a prominent stream of research draws attention to financial and non-financial goals (such as socioemotional wealth preservation) and other factors, we still do not know enough about such idiosyncrasies. This series will take a closer look at both financial and non-financial family firm idiosyncrasies across the globe and consider the ecosystem (i.e., regulatory framework, values, culture, access to finance, markets, R&D, and technology), and other national and economic conditions that allow the operations and presence of family firms.

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A Historical Perspective

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Series Editors' Preface

A prominent stream of research has been drawing attention to the differences among family firms in terms of governance, financial and non-financial dynamics, and strategies. Using the extant research to date that includes the *Palgrave Handbook of Heterogeneity among Family Firms* as a point of departure, it is our distinct pleasure and honor to present the *Palgrave Studies in Family Business Heterogeneity*.

Our inaugural book focuses on the evolution of family firms throughout the Latin American region. Indeed, family firms interact with and are substantially influenced by their external environment (i.e., country and regional contexts). In turn, family firms also influence their external environment encompassing formal (e.g. economic, legal, and political) and informal institutions (e.g. norms, values, beliefs, and attitudes). Hence, in family firms, the decision to start a business and then venture management are led by both individual characteristics of firms and owners as well as the external environment in which firms operate.

Claudio Muller and Fernando Sandoval-Arzaga provide a historical perspective on more than five centuries of institutional changes and resource combinations that have paved the way for multiple

entrepreneurial families to start and manage businesses with different scopes and goals shaped by regional forces in Latin America. In different sections of the book, the authors illustrate four distinctive waves where traditions have been transmitted over generations to develop a unique type of social capital that is highly idiosyncratic to the Latin American region. From the earlier entrepreneurs who arrived from Europe to seize the vast opportunities in the “New World” to the migration flows from other continents, each wave nurtures and blends with the next one to enrich it and endows family businesses the melting pot of which Latin American society represents today.

The primary enlightening aspect of the book is the diversity and different challenges each family business has endured over generations. The authors proficiently guide the readers about the emergence of a highly heterogeneous group of industry sectors through the integration of pre-Columbian products and services with the Western European technology which are endowed with traditions and familiness to make them competitive on a global scale.

We expect family business scholars and practitioners in general to find this book highly useful for gaining more understanding about the unique culturally rich region.

Esra Memili
Erick P. C. Chang

Acknowledgments

We would like to acknowledge and thank the eight families that inspired us in the writing of this book. Without their stories of legacy and entrepreneurship this book would not have had the practical vision we wanted to capture. Many of these families have origins dating back almost to the colonial period and other success stories are a bit more current, but no less important.

In addition, we would like to thank those with whom we have discussed the heterogeneity of family businesses in Latin America, some friends and colleagues who come from different sciences, such as anthropologists, historians, communication theorists and sociologists... without their valuable contributions we would not have been able to finish this text.

Likewise, we would like to acknowledge Esra Memili and Erick Chang for inviting and motivating us to be part of this Palgrave Studies in Family Business Heterogeneity series, but above all for their wise advice that helped us to improve the quality and rigor of this text, which we hope will be a contribution to family business research. We would also like to acknowledge the assistance and support of Marcus Ballenger and

viii Acknowledgments

his team at Palgrave Macmillan, who allowed us to move this work forward diligently to see the book through from idea to publication.

Finally, we would like to thank our families, because we stole their time during this pandemic: Ivonne, Rai, and Ame as well as Guille, Fer, and Guillo. For us this is the biggest family business.

Praise for *Family Business Heterogeneity in Latin America*

“Family businesses in Latin America carry a series of stereotypes and one of them is that they are all small. This book introduces us to Latin American family businesses and the social and economic impacts far beyond the families that have owned and operated them. The heterogeneity of family businesses in Latin America forces us to study the importance of Latin America as a global player, but especially the fundamental role that family businesses in this region have played in the economic development of their countries during the last 500 years.”

—Alfredo De Massis, *Professor of Entrepreneurship & Family Business, Free University of Bolzano, Italy; Lancaster University, United Kingdom and IMD, Switzerland*

“This important work gives us an opportunity to discover the origin of the admirably successful family legacies emerging from Latin America. Recognizing their history and culture and how these have evolved and shaped their present identities is key to realizing the important roles they are to play in the future of their countries. Acknowledging heterogeneity as alternately a source of adversity and a competitive advantage, the

authors are taking us on a journey through time and are demonstrating the powerful role of multigenerational family enterprises in shaping Latin America's economies."

—Ramia El Agamy, *Editor-in-Chief of Tharawat Magazine,*
Host of The Family Business Voice

"Family Business Heterogeneity in Latin America is the book we have been needing, but not just for Latin America! Muller and Sandoval-Arzaga have done what we should all have been doing in studying families in business—They have documented how the larger social, legal, economic environments impact the formation and growth of family enterprises. All too often we treat these cases as though only the family and the business and perhaps the competition determine behavior. I hope scholars learn the lessons this book has to offer."

—Frank Hoy, *Beswick Professor of Innovation and Entrepreneurship,*
Foisie Business School, Worcester Polytechnic Institute, USA

"In this new book, professors Claudio Muller and Fernando Sandoval-Arzaga provide a much-needed in-depth investigation of the different types of family businesses that exist across Latin America. The particularly unique, and extremely valuable, historical approach that Muller and Sandoval-Arzaga offer open up many new paths through which we can better understand the role and importance of family businesses in this region of the world. The different chapters offer a plethora of perspectives that cast new light on how and why family businesses have played, and still play, a crucial role in the emergence and development of the economies in most Latin American countries. The book offers an excellent combination of history, theory and practical case studies that will make it valuable for scholars, students, and practitioners alike. I highly recommend this unique and ambitious book to anyone who has an interest in entrepreneurship, business history and family business in a Latin American context."

—Professor Mattias Nordqvist, *House of Innovation,*
Stockholm School of Economics, Sweden

“With over 7 million families of Italian descent in Argentina and the largest Japanese diaspora in Sao Paulo, Brazil outside of Japan, Latin America is a mosaic of varied cultures and communities that makes each region within the continent unique. Authors of this must-read book are to be complemented for bringing to life migratory flows and idiosyncratic fascinating journeys of families featured in it! A delightful thought-provoking reading!”

—Pramodita Sharma, *Schlesinger Grossman Chair of Family Business,*
Grossman School of Business, University of Vermont, USA

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