

# 2

## Typologies of Family Business and Performance in Colombia

Gonzalo Gómez Betancourt

*This chapter elaborates a conceptual framework to study the different typologies in order to understand which of the family businesses are the most successful and why. Four cases studies are done in Colombia, and are compared with additional four cases studies in Spain. The results are validated using a regression analysis. We find that trust in outsiders and strategic management variables have the strongest impact on performance. We construct a typology of family businesses: 1) ideal: high trust and strategic management; 2) astute: low trust, high strategic management; 3) naive: high trust, low strategic management; and 4) critical: low trust and strategic management.*

*About one sixth each of family businesses are found to be of ideal and astute types, and about one third each of family businesses are of naive and critical type. The proportion of naïve and critical family businesses increases by about 10 percent when the family business transfers from the first to second generation, indicating that a decline in strategic management and/or trust might account for the difficulties in inter-generational transitions.*

## **Migratory Rationality, Marriage Strategies and Business in Early Bolivia: The Paniagua de Loaysa Family**

*Ana María Presta*

*This article highlights the economic opportunities, the accumulation of wealth, status, and offices a group of privileged conquistadors could enjoy and reach along the first century of the Spanish colonization in Bolivia. It presents a case study of the migratory venture and the multiple activities of the Paniagua de Loaysa family, which excelled among the small group of encomenderos settled in the region. An encomienda was a royal grant received by a conquistador as a reward for his military services.*

## **Psychosocial Issues of Family Businesses in Argentina**

*Roberto Kertész, Clara Atalaya and Jorge R Kammerer*

*The significance of family firms in Argentina is great: 50% of the National Gross Product and 60% of new and current jobs are generated by them. Their proportion varies according to their definition. If we choose “ownership and management of at least two relatives, including spouses” (Kertész and Atalaya, 1999), this broad definition will cover over 80% of all firms in this country, similarly in the rest of Latin America; 70% in Italy and around 90% in the USA. Until the 80s, they had been addressed mostly as “small and medium businesses”, omitting their psychosocial dimension. In view of our experience as consultants since 1970 with these organizations, in 1994 we founded the first university-based family business institute in Latin America, applying an interdisciplinary approach, including some new behavioral sciences such as Transactional Analysis to the traditional variables. Our diagnostic and intervention “P. A. L. T.” model will be presented, along with some empirical findings during a 12-year time span.*

# 5

## **Family, Emotions, and Family Business in Colombia**

*Rosario Cordoba, Marc Silverman and Lizette Santana*

***It doesn't matter how successful a family business is; its survival through various generations is very difficult. It is a critical problem in the Colombian family business model. Family conflicts close down more companies in Colombia than any economic crisis. Is there a new solution for family capitalism?***

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# 6

## **Family Ownership and Legal Requirements for Minority Stakeholders Protection**

*Pablo Martin de Holan and Luis JSanz*

*Most firms are owned by families, and most of them operate in countries where legal protection of minority shareholders is weak. Some authors have suggested that family control may be precisely the consequence of the lack of investor protection. Yet, we know that agency problems among owners actually increase in family-ownership situations, so family control by itself may not be an efficient substitute for the legal protection of minority investors. We analyze the interaction between family dynamics and legal frameworks to predict under what circumstances the lack of legal protection is not an obstacle for the growth of the firm.*

# 7

## **Adapting or Expiring: Organisational Flexibility in Family Owned Firms**

*Andrés Hatum and Andrew Pettigrew*

*This paper examines the process of organisational adaptation and competitiveness of family owned firms in an emerging economy. The study is set in the Argentinian context of the 1990s when a combination of economic and political changes triggered a large scale transformation in the competitive context of indigenous firms. Two family firms from the edible oil industry, one being highly flexible and another less flexible, are studied. Longitudinal data is supplied in an effort to explore the determinants of organisational flexibility in those organisations.*



# **Family Business in Peru: Survival and Expansion under the Liberalization**

*Tatsuya Shimizu*

*This paper intends to analyze the evolution of Peruvian family businesses after the liberalization by focusing on the control of ownership and management by families. We explain the change of business environment in the economic liberalization process after 1990. We present two case studies of Peruvian family businesses explaining their control of ownership and management. We conclude explaining how Peruvian family businesses experience their evolution in order to maintain and expand in a liberalized economy.*

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# 9

## **Family Enterprise in Mexico: A Case Study of an Elite Family**

*Larissa Adler Lomnitz and Marisol Pérez Lizaur*

*This is a study of the Gómez, an elite family of Mexico City, over a period of 160 years (1820-1980). Gómez is a significant entrepreneurial group, one that has contributed to the development of modern Mexico. The study is set in the context of Mexican history: (1) up to 1910 the appearance of the first family entrepreneur and the expansion of industrialization; (2) 1910-50 national reconstruction, leading up to the “Mexican Miracle”; and (3) Post-war: the emergence of multinational corporations, high-technology industrial development, the increasing role of the State, the 1980’s economic crisis and structural changes. This broader context provides a setting for the events in the Gómez family history: its rural origins and migration to Mexico City; the rise of the first family entrepreneur; the interlude of revolution; the divergent styles of two sons, heirs to the enterprise; the rise to power and the numerical growth of the family; the stratification into family branches; and the response of the fourth generation of entrepreneurs to the challenge of the business corporations.*

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## **Jewish Family Business in Mexico**

*Linda Hanono Askenazi*

*This article summarizes the theoretical model and the empirical data derived from the analysis of Dextar<sup>1</sup>, a family business created and developed in Mexico by descendents of Jewish immigrants, during the country's industrialization process and subsequent entrance into world globalization. The article is based on a research of the lineage and business life of the Abiram family, a Jewish Mexican family.*



# **Family Business in Honduras: Applicability of Stewardship and Agency Theories**

*Allan Discua Cruz and Carole Howorth*

*This chapter explores the application of theories developed in an Anglo context. The Latin American culture is examined with expectations about how differences in culture might affect the applicability of agency and stewardship theories. The study focuses on Honduras in Central America and two case studies of family business groups. Interviews were held in December 2005 with multiple participants from two generations of family members and with non-family managers.*

*Group oriented thinking driven by cultural values, rather than self-driven economic interests, appear to drive goal alignment. Although a stewardship perspective appears to dominate, there is some evidence of agency-type problems in growing family business groups, particularly where non-family members were employed. Solutions tended not to be based on the recommendations of agency theory to align interests and goals but instead were relationship-based solutions based on loyalty and trust.*