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0521847214 - The Rise of Spanish Multinationals: European Business in the Global Economy

Mauro F. Guillen

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The Rise of Spanish Multinationals

Since 1992, Spanish companies in a variety of industries have acquired a prominent presence in the global economy, especially in Latin America and Europe. Companies such as Telefónica, Banco Santander, Repsol-YPF, and Inditex (the owner of the Zara brand) have become major international competitors in a short space of time, making Spain one of the world's ten largest foreign direct investors. Mauro Guillén offers not only an explanation of why this has happened, but also an assessment of the economic, financial, political, and social consequences for Spain and for Europe. In this analysis, he also addresses the weaknesses of the Spanish multinationals, especially their lack of proprietary technology and their primary focus on Latin America, arguing that the next step should be to consolidate their European positions through mergers and acquisitions, opening up new possibilities for further expansion in North America and Asia.

MAURO F. GUILLÉN holds the Dr. Felix Zandman Endowed Professorship in International Management at the Wharton School of the University of Pennsylvania, and the Fundación Rafael del Pino Chair, which funded this research. An expert on globalization and on the multinational firm, he is a visiting faculty at Instituto de Empresa, Guggenheim Fellow, and Member in the Institute for Advanced Study, Princeton.

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Contents

<i>Preface</i>	<i>page vii</i>
1. Spanish firms come of age	1
2. Theories of the multinational firm	15
Part I: The process	
3. The family-controlled and worker-owned multinationals	35
4. Deregulation, oligopolistic competition, and internationalization	67
5. The Spanish banks go global	95
Part II: The consequences	
6. Spain's new financial role in the global economy	121
7. Foreign policy and international stature	143
8. Spain's enduring image problem	169
9. Public opinion, the labor unions, and the multinationals	198
10. Europe, Spain, and the future of Spanish multinational firms	224
<i>Appendix: Data and sources</i>	233
<i>References</i>	240
<i>Index</i>	260

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[More information](#)

Preface

NOT too long ago, a book on the Spanish multinational enterprise would have been regarded by many as a work of fiction. Nowadays, however, Spanish companies are making a dent in international competition just like firms from other European countries. This book tells the story of how exactly this has happened, after decades of relative isolation from the global economy, and analyzes the consequences for Spain's economy, society, foreign policy, and international image. The book also delves into the implications for Europe as a whole, given that the international success of Spanish firms has introduced new dynamics in a number of continental industries.

This book has been in the making since early 1993. The original stimulus came from a panel discussion organized by the Economist Intelligence Unit at the MIT Sloan School of Management, when I confronted the skepticism of Dean Lester Thurow and Harvard Professor Andreu Mas-Colell concerning the international visibility of Spanish firms. Back then I argued that there were perhaps a couple of hundred Spanish firms that could be regarded as "multinational" in nature. Fortunately, today there are nearly one thousand. I very much hope that the evidence and the arguments presented in this book will help give credit to the Spanish firms that have become competitive enough to operate internationally in their own right.

My greatest debt is to the Fundación Rafael del Pino for its generosity in appointing me to the Cátedra Rafael del Pino, which made it possible for me and my family to live in Madrid during the 2003–4 academic year and to focus the better part of my scholarly energies on the writing of this book. The Foundation also provided funds to hire research assistants and conduct interviews. I am especially indebted to its Director, Amadeo Petitbò, for his constant

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[More information](#)

encouragement, and to its President, Rafael del Pino, for his leadership and example.

My home institution, the Wharton School of the University of Pennsylvania, was kind enough to grant me sabbatical leave. I am also indebted to the Instituto de Empresa and its Dean, Angel Cabrera, for providing me with a forum in which to present and discuss my ideas as well as with office space. I have made many presentations of this work at these and other institutions, and have benefited from the comments and suggestions of many scholars and students. I am also grateful to Emilio Lamo de Espinosa and Javier Noya, from the Real Instituto Elcano, for including in their public opinion survey questions relating to the foreign activities of Spanish firms. At the Fundación para el Análisis y los Estudios Sociales, directed by Baudilio Tomé, I had the opportunity to present early drafts to an audience of government officials, who politely disagreed with several of my points of view. A radio interview with Miguel Angel Fernández Ordóñez, later to become Secretary of State for Finance, helped me clarify several of the key arguments.

This book combines insights drawn from business economics, sociology, and political science to understand the complex consequences of the rise of the Spanish multinational firm. Professor Alvaro Cuervo of the Universidad Complutense de Madrid has taught me much of what I know about Spanish firms. Professor Jesús M. de Miguel of the University of Barcelona has helped me understand Spanish society in ways that have also been helpful to the writing of this book. Finally, Professor Juan J. Linz of Yale University remains my best teacher of Spanish politics, which are inextricably related to the activities of many of the firms discussed in the book. José Manuel Campa, Esteban García-Canal, William Chislett, Julio García Cobos, Sofía Pérez, Sandra Suárez and Carlta Vitzthum gave me innumerable comments and suggestions. Donald Lessard of MIT read the entire manuscript and provided excellent advice. I am also grateful to Adrian Tschoegl, who has collaborated with me on several articles concerning the Spanish banks. A long list of research assistants have helped me conduct interviews, collect and organize data, and iron out many of the details in the book: Kwame Abrah Mia Adelberg, Balbina Alvarez Toral, José Asturias, Patricia Gabaldón Quiñones, Rut González Alonso, Paloma Martínez Almodóvar and Diego Vargas Yábar.

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Frontmatter

[More information](#)*Preface*

ix

It tends to be the case that a writer's most immediate family feels most intensely the consequences of the prolonged effort of bringing a book to life. I therefore dedicate the book to my wife Sandra and my daughters Daniela and Andrea. They figured out early on that, whenever they found me sitting in front of the computer, it was better to leave me alone so that I could finish and return to them as quickly as possible.