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**DISCUSSION PAPER No. 59**

**Executive Managers in  
Peru's Family Businesses**

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**Abstract**

As in many other developing countries, family businesses are major players in the Peruvian economy. Despite their growth into large-scale groups spanning a wide range of businesses, the owner families still have strong control over their ownership and management. However, Peru's liberal economic reforms in the 1990s brought intense competition into the national market. Not only have these family businesses been forced to compete against large-scale foreign capital that entered the national market through the privatization of state enterprises, but also against cheap goods imported from foreign countries. In order to compete, family businesses have had to move beyond the limited human resources available within the family. The advancement within owner families of new generations with better education and training together with the promotion to top managerial positions of professional salaried managers from outside the family are some of the measures owner families are taking to overcome their human resource limitations.

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## **Introduction**

One of the issues in the study of family businesses in developing countries is their survival after liberalization of a nation's economy. Because their management resources, such as human, financial and technological resources, are limited to those within the family, it is considered that in the medium and long term, family businesses will not be able to compete with non-family, joint stock companies. However, many family businesses in developing countries survived after economic liberalization in the 1980s and 1990s. The studies on family businesses in Asia and Latin America by Hoshino and others concluded that family businesses are using various approaches to maintain their competitiveness, such as improving the managerial skills of family members through education and training, appointing professional salaried managers from outside the family, and institutionalizing the succession to leadership over management of family firms (Hoshino, 2004).

In Peru traditional family businesses took advantage of the protected domestic market and established their dominance in many industrial sectors until the 1980s. However, when the government implemented economic reforms in the 1990s, such as privatization of state enterprises, deregulation of industries, liberalization of foreign exchange controls and foreign trade, family businesses were forced to change their management methods.

According to Francisco Durand, who studies family businesses in Peru, there were many rises and falls among Peruvian family businesses after the liberalization of the economy (Durand, 2002, 2004). He argued that while some family businesses expanded their size and scope and adapted to the new economic environment, others that stuck to the traditional management style of their owner families declined and disappeared. Among 18 influential family business groups in the 1980s, three had disappeared and six decreased in size by 2002. Only nine groups were able to maintain or expand their business. Durand concluded that only those family business groups that broke with their old management styles and made alliance with foreign capital survived.

Julio Cotler, a Peruvian sociologist, studied changes in owner managers running family business during Peru's economic reforms. He pointed out that the Fujimori

government implemented reforms in the 1990s while maintaining a distance from all business groups in the country. These reforms freed companies from government regulations, and they were able to modernize their management by restructuring their business and introducing new financial instruments to raise capital. Some family businesses decided to replace the traditional organization of their firms, in which family members served as directors and managers regardless of their merit, with young and educated professional salaried managers. At the same time, these companies institutionalized a recruitment, training and promotion system based on merit (Cotler, 1998, 13-16).

The studies by Enrique Vásquez describe the development of major family businesses in Peru. Although he focused on the historical aspect of the development of family businesses, he also followed the course of major industries in Peru in which family businesses operate. He analyzed the strategies of each family and their rise and fall in the 1990s (Vásquez, 2000, 385-475).

These studies concluded that as the liberalization of the economy progressed, family businesses in Peru changed in order to maintain their competitiveness. However, the studies mentioned above do not elucidate what specific changes family businesses have undertaken.

A major issue for family businesses is access to human resources. Traditionally family members have supplied the human resources for these firms. However, the growth in size and scope of their business and liberalization of Peru's economy since the 1990s have made the family too narrow a source for human resources. The purpose of this study is to analyze how Peruvian family businesses have been trying to overcome the limitations on their human resources since economic liberalization. The data used in the analysis is primarily corporate information that has been made public by the National Commission of Supervision on Companies and Securities (Comisión Nacional de Supervisora de Empresas y Valores: CONASEV), and annual reports provided by the respective companies. The focus of analysis is on directors and top managers. In Peru directors are often owner family members. Many of them serve as directors in a number of companies and are not dedicated to the management of only one. In order to see the changes in family business management, it is important to examine the top manager level that is responsible for the day-to-day operations of the

company.

The first section of this study will describe family businesses in Peru and will also give an overview of the general management structures of Peruvian companies. The second section will analyze how owner family members participate in the management of their businesses. The third section will examine the training of younger generations of owner families and the utilization of non-family salaried managers. The concluding section will discuss how today's Peruvian family businesses are trying to overcome the limitation on human resources within the family in order to maintain their competitiveness.

## **1. Governance of Peruvian Companies**

### **Family businesses studied**

In this study family business is defined as a group of companies whose ownership and management are controlled by a specific family or families. Companies that are still controlled by their founders are included in this definition as long as their ownership and management are not only in the hands of the founder but also in those of the family as a whole. Also included are family businesses that were founded by other people and later acquired by the current owner families.

The family businesses analyzed in this study are the 15 corporate groups belonging to the 13 families listed in Table 1. They are the principal family corporate groups in Peru listed in Shimizu 2004.<sup>1</sup> Each family business owns one corporate group except for the Romero and Brescia families which control two separate corporate groups respectively. To bring out more clearly the changes that have taken place in family businesses, a beer company that belonged to the Bentín family has been included in Tables 2 and 5 even though it was acquired by foreign capital in 2002.

### **Corporate law and governance structure**

In order to understand the governance structure of Peruvian family businesses, I

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<sup>1</sup> Originally I had selected 16 family-owned corporate groups from among Peru's top 30 corporate groups. But I eliminated three groups due to the unavailability of data, and two groups, Lindley and Raffo, were added because they went through structural reforms in the 1990s and are good examples for observing the changes that have taken place in family businesses.

will start with a discussion of the country's corporate law. Peru's corporate law (Ley de Sociedades Generales), which was reformed in 1997, classifies corporations into closed or open joint-stock companies. In the case of the latter, the law requires among other stipulations the establishment of a board of directors, the appointment of directors that represent minority shareholders, annual external audits, and registration of corporate and financial information with CONASEV. In the case of a closed joint-stock company, the establishment of a board of directors and external audits are optional. In both cases, the management of the company is to be delegated to the board and more than one manager.

Specific seats on the board of directors and company managerial positions in Peru are listed in Chart 1. On the board there are the president, vice-president, directors, and substitute and alternate directors.<sup>2</sup> Managers are appointed by the board and include the general manager and managers responsible for areas such as finance, administration, sales, personnel, information systems and other areas. Directors can hold positions as managers, and are called managing directors (director gerente). In many family businesses which have not yet undergone generational change, the founder serves as director and general manager (director gerente general).

The separation of functions between directors and managers differs from company to company. The roles of managers are determined by the statute of each company, although the country's corporate law lists some of the functions of the general manager. These are 1) signing contracts, 2) representing the corporate body, 3) attending board meetings with a voice but without a vote, 4) attending general assemblies of shareholders with a voice but without a vote, 5) issuing certifications of accounting documents, and 6) acting as the secretary at general assemblies and board meetings. However, it is difficult to grasp the importance of managers from this list of duties. Instead the recent discussion on the reform of corporate governance has helped to better understand the roles of managers.

## **Corporate governance reform in Peru**

Reforming corporate governance in order to protect shareholders' rights and

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<sup>2</sup> Substitute and alternate directors act as directors in the absence of regular directors. In general a substitute director can substitute for a specific director while an alternate director can substitute for any absent director.

maintain the sound management of companies has become a topic of discussion all over the world. The Organization for Economic Co-operation and Development (OECD) has set down principles of corporate governance to develop capital markets (OECD, 2003). One of the issues of this discussion is the separation of ownership and management of listed companies, the aim being to separate the roles of the board of directors from those of the managers. While the board, whose directors represent the interests of shareholders, makes important decision and supervises the management, the managers are in charge of running the company based on the policies decided by the board.

In line with OECD principles, CONASEV announced its “Principles of good corporate governance for Peruvian companies.”<sup>3</sup> Of about 200 companies listed on the Lima stock exchange, 19 have announced their compliance with the principles. Among them are four family businesses. According to their annual reports, three of the companies hold monthly board meetings, two have appointed independent directors, two issue only common stock with voting rights,<sup>4</sup> and one has installed an auditing committee on its board of directors.

Despite of these reforms, the separation of ownership and management is not very clear. For example, both Banco de Crédito del Perú and Pacífico Peruano Suiza have an executive committee in addition to the board of directors, though the members of the committee overlap with those of the board. Another example is Compañía de Minas Buenaventura of the Benavides family. In an effort to reform its corporate governance, the company installed within its board of directors auditing and reward committees composed of independent directors. However, the president of the board is the head of the owner family, and the general manager is his son. Therefore, it is difficult to see a clear separation of ownership and management. These practices make it difficult for the managers to run the companies without the influence of the owner families.

One of the few exceptions where there is clear separation of ownership and management is Banco Continental. Among the nine directors of the board are the Brescia brothers who own 50% of the bank’s shares and hold the positions of president and vice president of the board. They are the only family members on the board, and

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<sup>3</sup> CONASEV, “Principios de buen gobierno corporativo para las sociedades peruanas” (<http://www.bvl.com.pe/gcorporativo/gobierno.htm>).

<sup>4</sup> Many Peruvian companies issue preferred stock (offering better dividends without voting rights) and investment stock (offering the same dividend without voting rights).

none of the bank's managers are from the family. In addition, there is a steering committee (comité de dirección) consisting of a director-cum-general manager and nine managers who are not directors. It is understood that while the owners (the Brescia family and representatives from BBVA) supervise the management, the steering committee is to consist of professional salaried managers who are in charge of the bank's day-to-day management and operations.

## **2. Owner Family Participation in Management**

This section focuses on the participation of owner families in the management of their family businesses. In order to analyze this participation, the author prepared four tables to show the turnover in directors and managers of Peruvian family businesses. The first shows the changes in the directors of the principal family businesses between 1987 and 2003 (Table 2). The second and third tables show the number of family members holding positions as directors and managers (Table 3 and 4). The fourth shows the educational and professional background of owner family members and the companies' professional salaried managers (Table 5).

Table 2 lists the directors of the principal family businesses in Peru in 1987 and 2003. In 1987 many directors were owner family members. In the case of Cía Industrial Perú Pacífico, Palma de Espino, and José Lindley e Hijos, all the directors were family members. In the other companies, one family owned the largest share and controlled the management, but other members also participated on the board of directors.

When comparing the list of directors in 1987 and 2003, three points can be made. First, in some cases the same people were still serving as directors after 16 years. For Banco de Crédito, Rímac-Internacional Compañía de Seguros y Reaseguros, Cía de Minas Buenaventura, and Inmobiliario Los Portales, the same people who were also the heads of the owner families were still serving as the president of the board. Second, in several companies there was a transition to a new generation that took over management. For example, the presidency of Alicorp and Palma de Espino passed from the third to the fourth generation of the Romero family. In the case of Buenaventura, the third generation made up the directors while the fourth provided the managers. Third, there

were two opposite trends among family businesses: one was an increase in the presence of the owner family, and the other was a decrease in its presence. Examples of the former were Rímac-Internacional Compañía de Seguros y Reaseguros, INTURSA, and Los Portales; those of the latter were Alicorp, Backus & Johnston, and Corporación José R. Lindley.

Table 3 shows how many members of owner families are directors and managers in their businesses. According to this table, of 236 companies in 13 corporate groups of family businesses, owner family members serve as directors in three-quarters of the companies and as managers in one-quarter of them. In the case of the Raffo, Wong, Cillóniz and Rodríguez Banda families, family members serve as managers in more than 40% of their companies. In contrast, in the Romero (Credicorp group), Brescia (Banco Continental group), Graña & Montero and Galski families, no family members serve as managers.

To examine the involvement of family members in management, 36 family businesses listed on the Lima stock exchange were selected for Table 4. In the table the companies are classified into three categories: companies where family members serve both as directors and managers; companies where family members serve only as directors; and companies where family members serve neither as directors nor managers. According to the table, in one-third of the companies, family members serve both as directors and managers, and in more than half of the companies, family members serve only as directors.

From the above observations, it can be concluded that although 15 years have passed since the start of Peru's economic reforms, and the country's business environment has changed significantly, the members of owner families still hold a large number of positions as directors and top managers in their businesses.

### **3. Overcoming the Limitation on Human Resources**

The analysis of the previous section shows that owner families are still participating in the management of their businesses. This leads to the question of how they are overcoming the limitation on capable human resources inside the family when the size and scope of their businesses have expanded. Two key measures have been

employed to overcome this problem: the training of younger generations and the introduction of professional salaried managers into the businesses.

### **Training of younger generations**

As shown in Table 3 and 4, owner family members do not make up the majority of managers in the family businesses. However, there are situations in which they do serve as managers in the large family businesses.

One of the situations is where they are the founders of the business. The Wong family supermarket chain and the dairy company of the Rodríguez Banda family are such cases. Although the current presidents of these companies are not the founders of their family businesses, it is their generation that has expanded their firms into some of the largest business groups in the country. In the case of the Wong family, Erasmo Wong, the father of the current president, founded a small general store in a residential district of Lima. However, it was his sons who expanded this small general store into one of Peru's largest supermarket chains, E. Wong. As for the Rodríguez Banda family, José Rodríguez Banda, the father of the current president, owned a freight transport company based in Arequipa city. His sons acquired a Nestlé's milk factory in the city and built it into Peru's largest dairy company, Gloria. In both cases, family members are currently occupying positions as company directors and managers.

A second situation in which family members serve as managers is when they have extensive knowledge and experience in the industry, and the company is the core of the family business. In these companies family members serve both as directors and managers. Buenaventura of the Benavides family, Los Portales of the Raffo family and Alicorp of the Romero family are such examples.

A third situation is when managerial posts are used to train the younger generations of the owner families. From the information in Tables 2, 3 and 4, and from Table 5 that summarizes the educational and professional experience of about 230 directors and managers, it can be seen that younger generations of owner families are holding positions as directors, substitute and alternate directors, general managers and regular managers. Furthermore, these family members often have received education in foreign universities and MBA programs. For example, at Alicorp belonging to the Romero family, all the directors in 2003 were of the family's fourth generation. Two

substitute directors from the family were also serving as managers, one in charge of finance, administration and information system, and the other heading sales. These owner family managers held MBA and bachelor's degrees from U.S. universities such as Stanford, Northwestern and Babson.

At Buenaventura, the mining company of the Benavides family, two brothers of the fourth generation served in 2003 as the general manager and the manager in charge of business development. Both of them studied in foreign universities and participated in an advanced management program at Harvard Business School.

At Los Portales, the real estate development company of the Raffo family, members of the fourth generation assumed the posts of director and alternate directors in 2003. One of them has a master's degree in finance, and another who is also serving as general manager graduated from a U.S. university and later took an MBA at a Peruvian university.

These are some examples of younger generations of owner families serving as directors and managers of their family businesses after receiving a good education in foreign universities. This indicates that serving as managers and substitute/alternate directors is intended as training to improve the management skills of the younger generations of owner family members. At the same time, it enables the next generations to grasp the detailed information and operations of their family businesses and maintain strong family control over their management.

### **Bringing in salaried managers**

From Tables 3 and 4 we know that many professional salaried managers hold top management positions in today's Peruvian family businesses. In addition, Table 5 shows that these salaried managers hold MBA degrees from graduate business schools in Peru such as ESAN, Universidad del Pacífico and Universidad de Piura, or obtained diplomas after studying management courses at these universities. Table 5 shows that companies such as Pacífico Peruano Suiza, Alicorp, Backus & Johnston, Buenaventura, Gloria, Ferreyros, and Los Portales have managers with postgraduate education. It can also be seen that there are a few salaried managers who have studied abroad, such as the assistant general manager of Banco Continental who studied at Instituto de Estudios Superiores de Administración (IESA) in Venezuela, and two managers at Backus &

Johnston who hold MBAs from Instituto Tecnológico de Estudios Superiores de Monterrey (ITESM) which has one of the best MBA programs in Mexico.

Two types of managers can be found in the table. One is managers who have been working for the same companies for many years. For example, at Minsur and Ferreyros some managers have worked for over 20 years. They reached their positions through internal promotion. The other type is managers who have professional experience from other companies. At Aceros Arequipa of the Cillóniz family, the manager in charge of planning and development worked for a state steel company, the marketing manager has experience in marketing and distribution from a beer company, and the information system manager worked for a foreign telecommunication company. At Los Portales of the Raffo family, a specialist with 25 years of experience in the hotel industry abroad assumed the position of manager in charge of its hotel business. Textil San Cristobal, also belonging to the Raffo family, has managers who worked for Procter & Gamble and Arthur Andersen. In the mining and insurance businesses, managers have received specialized education in their respective industries.<sup>5</sup> These managers were brought in from the external labor market. Their knowledge and experience in a specific industry helped them to obtain management positions in family businesses.

### **External labor market and expansion of MBA education**

The human resource consulting firm Drake, Beam & Morin Peru has compiled data on the job market for corporate executives<sup>6</sup> in Peru. Based on the data about managers whom the company helped place into jobs in 2002, the average age of managers is 43 years old with seven years of experience in their former jobs, and 47% of them hold MBA degrees. Compared with the data for 1998 when the average age was 48 with 16 years of experience and 34% holding MBAs, managers in recent years who have found jobs are younger, have less work experience, and more of them hold MBAs (*El Comercio*, 3 de agosto del 2003). Seventy-five percent of the managers found jobs in industries different from what they had worked in before. According to a business

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<sup>5</sup> Managers in mining studied at the School of Mines of Montana and the School of Mines of Colorado. Managers in insurance studied at the College of Insurance at St. John's University, Centro Suiza de Formación de Aseguradores en Zurich (Swiss Center of Education for Insurers in Zurich) and the College of Insurance of New York.

<sup>6</sup> Corporate executives are categorized as high ranking managers (alto directivos) and executive candidates (candidatos ejecutivos).

executive survey in 2004 by the magazine *Peru Business*, the average period in a management post is about 4.7 years. This is down from 8.3 years in 1996 (*Peru Business*, 2004).

There are several reasons for the increased mobility of salaried managers. Attributing factors on the supply side have been the privatization of state enterprises in the 1990s and the expansion of MBA programs. On the demand side have been the increased presence of foreign capital and the expansion of some family businesses into new business sectors.

Regarding education for business managers, *Peru Business* wrote that there was a boom in MBA program from the second half of the 1990s. The MBA programs mentioned in Table 5 are those at ESAN (Escuela de Administración de Negocios para Graduados [School of Business Administration for Postgraduates]), Universidad del Pacífico and Universidad de Piura. ESAN is a business school for postgraduates founded in 1963 to prepare business managers. It was a joint effort by the Peruvian and U.S. governments and introduced a curriculum from Stanford University. It is now a private university. Universidad del Pacífico was founded in 1962 by Peruvian businesses with the collaboration of the Society of Jesus of the Catholic Church. It is a small university focusing on economics and business education and is considered to be one of the best schools in the country. The university started an MBA program and master's program in finance in 1978. Universidad de Piura was founded in 1969 by Opes Dei of the Catholic Church in the city of Piura in northern Peru. It started an undergraduate business school in 1973, then a postgraduate business school at the beginning of the 1990s. It also started a MBA course at its Lima campus. Besides these universities with long histories of MBA education, other universities have recently started to offer MBA courses. In 2000 Pontificia Universidad Católica del Perú, one of the highest ranked universities in the country, started a postgraduate business school called CENTRUM. Other private universities are also offering full-time and part-time MBA programs. In order to attract more students, some of them offer joint MBA degrees with famous European or U.S. business schools. *Peru Business* reported in 2003 that the average age of MBA students is 31 for full-time programs and 35 for part-time programs. Their average professional experience is six years. Fifty percent of them have engineering undergraduate degrees while 40% have economics or business

degrees. The reason that many engineers are studying in MBA courses is that after working in the field as engineers, they aim to obtain higher administrative posts (*Peru Business*, 2003).

Thus, we can conclude that while the demand for professional salaried managers has increased through the external market, the supply has increased through the expansion of MBA programs. Today, professional salaried managers from outside the owner families have more chance to work for family businesses as top managers.

### **Conclusion: Managers in Peru's Family Businesses Today**

As the examination in this study indicates, family businesses in Peru by and large still do not show a clear separation between the ownership and management of their companies. Directors are still from owner families, and many owners serve as top managers. This means that in most Peruvian family businesses, owner families still maintain strong control over the ownership and management of their businesses. Given this situation, the question is how they can overcome the limitation on human resources inside the family in order to maintain their competitiveness in a liberalized economy. This study shows that part of the answer is in how owner families are preparing their younger generations and their introduction of professional salaried managers into their businesses.

Owner families are pursuing good educations and better training for their younger generations. Many members of the younger generations studied abroad, especially in the United States, and some obtained MBAs from well-known business schools. These younger owner family members work for their family businesses not only as directors but also as substitute/alternate directors and top managers. This gives them training and experience in operating their family businesses as well as keeping control of them in family hands.

The families are also bringing professional salaried managers into their businesses. Peru's economic liberalization in the 1990s led to the privatization of state enterprises, the entry of foreign capital and the restructuring of private companies. As a result, the liquidity of the external labor market increased. Capable professional managers outside the owner families found more chance to enter the family-run businesses and be

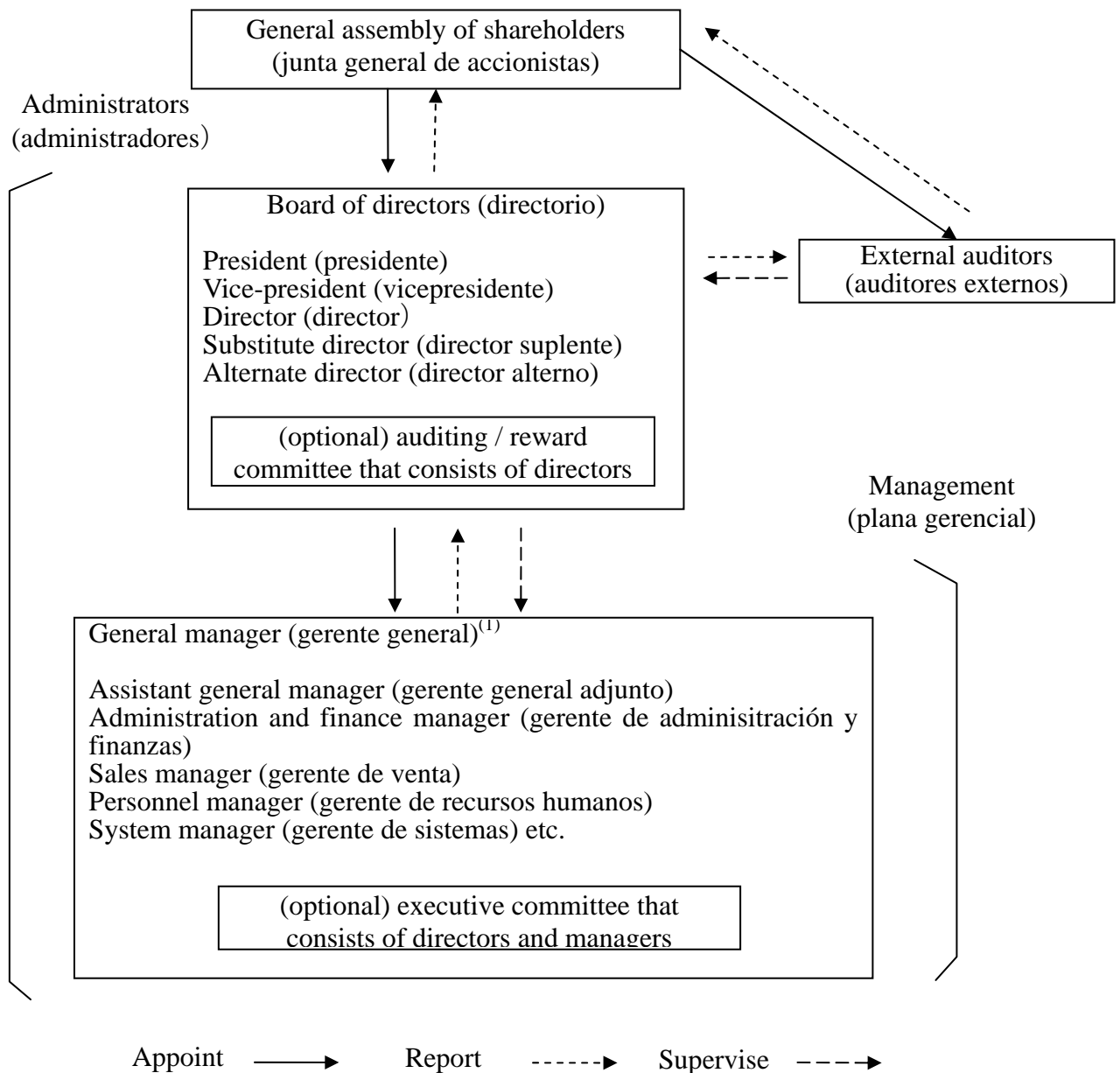
promoted to top management posts in the companies. This has given incentive to salaried managers to improve their management skills through studying in MBA programs and short management courses. In response to the increased demand, higher educational institutions have expanded their MBA programs and business courses.

We can conclude that family businesses in Peru today are trying to overcome the limitation on human resource within the family by giving better education and training experience to the younger generations and by utilizing professional salaried managers who likewise are improving their management skills through further education and experience. These efforts are helping family owned businesses to maintain their competitiveness in Peru's liberalized market economy.

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Chart 1 Governance structure of listed companies in Peru



Note: (1) In case that a director is also a manager, it is called managing director (director gerente).

Source: Elaborated by the author based on Corporate Law (Ley General de Sociedades) and annual reports of principle family business companies in Peru.

Table1 Principle family businesses in Peru (2001)

Rank <sup>1)</sup>	Group (Family) <sup>2)</sup>	Industry	No. in group <sup>3)</sup>	Principle companies
3	CREDICORP (ROMERO)	finance	8	Banco de Crédito del Perú, Pacífico Peruano Suiza
4	ROMERO	food	12	Alicorp, RANSA Comercial
6	BRESCIA	mining	8	Minsur, EXSA, Rímac-Internacional Compañía de Seguros y
7	WONG	commerce	3	E. Wong, Metro, Agro Industrial Paramonga
8	BACKUS (BENTÍN)	beer	12	Unión de Cervecerías Peruanas Backus & Johnston
10	BENAVIDES	mining	7	Compañía de Minas Buenaventura, Sociedad Minera Cerro Verde
11	GLORIA (RODRÍGUEZ BANDÁ)	dairy	6	Gloria, Yura
15	FERREYROS	commerce	4	Ferreiros
16	CONTINENTAL (BRESCIA)	finance	4	Banco Continental, AFP Horizonte
19	GRAÑA Y MONTERO	construction	8	Graña & Montero
22	RIZO PATRÓN	cement	2	Cementos Lima
26	CILLÓNIZ	steel	2	Corporación Aceros Arequipa
30	GALSKY	fishery	1	Grupo Sindicato Pesquero del Perú
43	LINDLEY	beverage	2	Corporación José R. Lindley
44	RAFFO	real estate	3	LP Holding, Los Portales, Textil San Cristobal

Note:

1) Group sales ranking in Shimizu (2004) calculated from Peru Top Publications (2003).

2) When a group name is different from the family name, the family name is shown in parenthesis.

3) Number of companies in family business group. Only includes companies with sales figures.

Source: Elaborated by author based on Table 2 in Shimizu (2004). Original data are from Peru Top Publications (2003).

Table 2 Changes of directors of principle family businesses in Peru (1987 and 2003)

Family	Company (Activity)	Position	Family attribution (generation)	
			1987	2003
Romero	Banco de Crédito del Perú (Banking)	P	Romero (III)	→ Romero (III)
		VP	Non Romero	Non Romero
		D	1 Romero	1 Romero
			9 Non Romero	9 Non Romero
	Cía Industrial Peru Pacífico (1987) Alicorp (2003) (Food)	P	Romero (III)	→ Romero (IV)
		VP	Romero (III)	→ Romero (IV)
		D	2 Romero (III) 1 Non Romero	2 Romero (IV) 5 Non Romero
		AD		3 Romero (IV)
	Cía de seguros y reaseguros Peruano-Suiza (1987) Pacífico Peruano Suiza (2003) (Insurance)	P	Non Romero	Romero (III)
		VP	Romero (III)	Romero (III)
		D	1 Romero (III)	2 Romero (IV)
			7 Non Romero	9 Non Romero
	Palma de Espino (Agro-industry)	P	Romero (III)	Romero (IV)
		VP	Romero (III)	Romero (IV)
		D	1 Romero (III)	2 Romero (IV)
		1 Non Romero	1 Non Romero	
Brescia	Compañía de Seguros Rímac (1987) Rímac-Internacional Compañía de Seguros y Reaseguros (Insurance)	P	Brescia (II)	→ Brescia (II)
		VP	Non Brescia	Brescia (II)
		D	1 Brescia (II) 9 Non Brescia	1 Brescia (II) 4 Brescia (III) 3 Non Brescia
	Compañía Internacional de Seguros del Perú (1987) (Insurance, merged with the above company)	P	Brescia (II)	
		D	7 Non Brescia	
	Inversiones Nacionales de Turismo (INTURSA) (Tourism)	P	Non Brescia	Brescia (II)
		VP		Brescia (II)
			2 Brescia (II) 3 Non Brescia	4 Brescia (III) 1 Non Brescia
Bentín	Cervecería Backus & Johnston (1987) Unión de Cervecerías Peruanas Backus y Johnston (2003) <sup>(1)</sup> (Beer)	P	Bentín (II)	→ Bentín (III)
		VP	Non Bentín	Bentín (III)
	D	1 Bentín (III) 8 Non Bentín	1 Bentín (IV) 11 Non Bentín	
	GM	Bentín (III)	Bentín (IV)	
Benavides	Compañía de Minas Buenaventura (Mining)	P	Benavides (III)	→ Benavides (III)
		VP	Benavides (III)	→ Benavides (III)
			5 Non Benavides	5 Non Benavides
		GM		Benavides (IV)
		M		Benavides (IV)
Ferreyros	Enrique Ferreyros (1987) Ferreyros (2003) (Import of Capital Goods)	P	Ferreyros (II)	→ Ferreyros (III)
		VP	Ferreyros (III)	Non Ferreyros
			2 Ferreyros 2 Ferreyros (II) 6 Non Ferreyros	1 Ferreyros 5 Non Ferreyros
Rizo Patron	Cementos Lima (Cement)	P	Non Rizo Patron	Rizo Patron (II)
		VP	Non Rizo Patron	Non Rizo Patron
			1 Rizo Patron (III) 8 Non Rizo Patron	2 Rizo Patron (III) 8 Non Rizo Patron
Lindley	José Lindley e Hijos (1987) Corporación José R. Lindley (2003) (Beverage)	P	Lindley (II)	→ Lindley (III)
			1 Lindley (III) 2 Lindley (II) 1 Lindley	2 Lindley (IV) 4 Non Lindley
		AD		2 Non Lindley
Raffo	Los Portales (Real estate)	P	Raffo (III)	→ Raffo (III)
		VP	Non Raffo	Non Raffo
			7 non Raffo	1 Raffo (IV) 1 Raffo
		AD		1 Raffo (IV) 1 Non Raffo

Note:

P: President; VP: Vice-president; D: Director; AD: Alternate Director; GM: General Manager; M: Manager

The same person in 1987 and 2003 is connected with a line.

(1) It was acquired by a Colombian company in 2002. It was included to show changes of directors by the acquisition.

Source: Elaborated by the author based on Malpica (1989) and annual reports of each company.

Table 3 Owner family as directors and managers<sup>1)</sup>

Owner family	Group <sup>2)</sup>	Main industry	Total	Numbers and percentage of companies in which family members hold each post					
				President	Director <sup>3)</sup>	Manager	President	Director <sup>3)</sup>	Manager
Romero	Credicorp	Finance	28	16	57%	16	57%	0	0%
	Alicorp	Food	26	21	81%	25	96%	3	12%
Brescia	Banco Continental	Finance	6	1	17%	4	67%	0	0%
	INTURSA	Mining, Insurance, Real Estate	28	21	75%	21	75%	12	43%
Wong	Paramonga	Supermarket chain, Agro-industry	27	24	89%	25	93%	15	56%
Benavides	Buenaventura	Mining	18	12	67%	16	89%	4	22%
Rodríguez Banda	Gloria	Dairy, Cement	20	14	70%	14	70%	9	45%
Ferreiros	Ferreiros	Import Capital Goods	7	3	43%	3	43%	1	14%
Graña & Montero	Graña & Montero	Construction	16	8	50%	12	75%	0	0%
Rizo Patron	Cementos Lima	Cement	11	5	45%	8	73%	2	18%
Cillóniz	Aceros Arequipa	Steel	2	0	0%	2	100%	1	50%
Wiese	Negocios e Inmuebles	Real Estate	10	5	50%	9	90%	2	20%
Galski	SIPESA	Fishing	21	6	29%	7	33%	0	0%
Lindley	José Lindley e Hijos	Beverage	6	3	50%	4	67%	1	17%
Raffo	LP Holdings	Real Estate, Textile	10	10	100%	10	100%	6	60%
		Total	236	149	63%	176	75%	56	24%

Note:

1) Number of companies in which appointment of family members can be verified with corporate information. There may be more appointments to posts from the owner family.

2) Group name is the name of group core company.

3) Director includes substitute and alternate directors.

Source: Elaborated by the author based on corporate information from CONASEV (February 2005).

Table 4 Appointment of owner family members to directors and managers in listed companies

Owner family	Company <sup>1)</sup>	Industry	Appointment of owner family			Owner family members serve as:
			President	Director <sup>2)</sup>	General Manager/Other Managers	
Benavides	COMPANIA DE MINAS BUENAVENTURA S.A.A.	Mining	YES	YES	YES	
Rodríguez Banda	GLORIA S.A.	Diary	YES	YES	YES	
Raffo	LP HOLDINGS S.A.	Real Estate	YES	YES	YES	
Raffo	LOS PORTALES	Real Estate	YES	YES	YES	
Brescia	RIMAC-INTERNACIONAL COMPAÑIA DE SEGUROS Y REASEGUROS	Insurance	YES	YES	NO	
Rodríguez Banda	YURA S.A.	Cement	YES	YES	NO	Director and Manager
Cillóniz	CORPORACION ACEROS AREQUIPA S.A.	Steel	NO	YES	NO	12 companies, 33%
Romero	ALICORP S.A.A.	Food	YES	YES	YES	
Brescia	MINSUR S.A.	Mining	YES	YES	YES	
Ferreyros	FERREYROS S.A.A.	Import	YES	YES	YES	
Lindley	CORPORACION JOSE R. LINDLEY S.A.	Beverage	YES	YES	YES	
Raffo	TEXTIL SAN CRISTOBAL S.A.	Textile	YES	YES	YES	
Romero	CREDICORP LTD.	Finance	YES	YES	NO	
Romero	BANCO DE CREDITO DEL PERU	Banking	YES	YES	NO	
Romero	CREDIFONDO S.A. SOCIEDAD ADMINISTRADORA DE FONDOS	Finance	YES	YES	NO	
Romero	CREDITITULOS SOCIEDAD TITULIZADORA S.A.	Finance	YES	YES	NO	
Romero	CREDITO LEASING S.A.	Finance	YES	YES	NO	
Romero	PACIFICO PERUANO SUIZA	Insurance	YES	YES	NO	
Romero	RANSA COMERCIAL S.A.	Logistics	YES	YES	NO	
Brescia	BANCO CONTINENTAL	Banking	YES	YES	NO	
Brescia	COMPANIA MINERA RAURA S.A.	Mining	YES	YES	NO	
Brescia	EXSA S.A.	Chemistry	YES	YES	NO	Only as Director
Brescia	INVERSIONES NACIONALES DE TURISMO S.A. (INTURSA)	Tourism	YES	YES	NO	20 companies, 56%
Wong	AGRO INDUSTRIAL PARAMONGA S.A.A.	Agro-industry	YES	YES	NO	
Wong	EMPRESA AZUCARERA EL INGENIO S.A.	Agro-industry	YES	YES	NO	
Graña & Montero	GRAÑA Y MONTERO S.A.A.	Construction	YES	YES	NO	
Rizo Patron	CEMENTOS LIMA S.A.	Cement	YES	YES	NO	
Wiese	INVITA SEGUROS DE VIDA	Insurance	YES	YES	NO	
Wiese	NEGOCIOS E INMUEBLES S.A.	Real Estate	YES	YES	NO	
Galski	GRUPO SINDICATO PESQUERO DEL PERU S.A.	Fishery	YES	YES	NO	
Lindley	EMBOTELLADORA LATINOAMERICANA S.A. - ELSA	Beverage	YES	YES	NO	
Benavides	SOCIEDAD MINERA CERRO VERDE S.A.A.	Mining	NO	YES	NO	
Romero	CREDIBOLSA SOCIEDAD AGENTE DE BOLSA S.A.	Finance	NO	NO	NO	
Romero	EL PACIFICO VIDA COMPAÑIA DE SEGUROS Y REASEGUROS	Insurance	NO	NO	NO	No family members in posts
Brescia	AFP HORIZONTE.	Finance	NO	NO	NO	4 companies, 11%
Brescia	CONTINENTAL SOCIEDAD TITULIZADORA S.A.	Finance	NO	NO	NO	36 companies

Note:

1) In the order of family presence (appointment of owner family) and sales size of companies.

2) Directors include substitute and alternate directors.

Source: Elaborated by the author based on corporate information from CONASEV (February 2005).

Table 5 Educational and professional background of directors and managers of principle family business (2002, 2003).

Owner family	Company (Industry)	Directors <sup>1)</sup>	Managers
Romero	Credicorp <sup>2)</sup> (Finance)	1 Romero	1 Non Romero
		5 Non Romero	5 salaried managers
		3 Romero	no Romero
	Pacífico Peruano Suiza (Insurance)	9 Non Romero	15 salaried managers
		6 Romero (3 are Alternate Directors)	2 Romero
		6 Non Romero	7 salaried managers
Brescia	Ransa (Logistics)	4 Romero	no Brescia
		1 Non Romero	1 salaried manager
	Banco Continental (Banking)	4 Brescia	no Brescia
		5 Non Brescia	10 salaried managers
Minsur (Mining)		6 Brescia	1 Brescia
			5 salaried managers

Owner family	Company (Industry)	Directors <sup>1)</sup>	Managers
Bentín	Exsa (Chemical)	4 Brescia	no Brescia
		3 Non Brescia	6 Non Brescia managers
Bentín	Backus & Johnston <sup>3)</sup> (Beer)	4 Bentín	1 Bentín
		10 Non Bentín	9 salaried managers
Benavides	Buenaventura (Mining)	2 Benavides	2 Benavides
		5 Non Benavides	4 salaried managers
Rodríguez Banda	Gloria (Dairy)	3 Rodríguez Banda	2 Rodríguez Banda
		1 Non Rodríguez Banda	3 salaried managers
Ferreiros	Ferreiros (Import of capital goods)	2 Ferreiros	no Ferreiros
		5 Non Ferreiros	10 salaried managers
Cillóniz	Aceros Arequipa (Steel)	2 Cillóniz	1 Cillóniz
		11 Non Cillóniz	5 salaried managers

Owner family	Company (Industry)	Directors <sup>1)</sup>		Managers	
Raffo	LP Holding (Real estate)	4 Raffo	President is third generation and two directors are fourth generation. One of the fourth generation has master's degree in finance. Another graduated from a foreign university and has MBA from U Piura.	1 Raffo	Fourth generation with foreign university education and MBA from Peruvian university is general manager.
		2 Non Raffo	One is collaborator of Romero family and the other is former general manager at an insurance company.	2 salaried managers	One with MBA from UP is administrative and finance manager, and legal manager is a lawyer from PUCP.
	Los Portales (Real estate)	4 Raffo	President is third generation and three directors from fourth generation.	2 Raffo	One with MBA from fourth generation is director and general manager, and the other with foreign MBA is assistant general manager. Both have experience in group companies.
		1 Non Raffo	Representative from minority shareholding Mexican company.	3 salaried managers	One has MBA from UP; the other has diploma from ESAN. Another is Canadian who has studied hotel management at University of Nevada and has 25 years of experience in hotel industry.
Textil San Cristóbal (Textile)	Textil San Cristóbal (Textile)	4 Raffo	President and three directors. In 2003, presidency has transferred from third to fourth generation.	no Raffo	In 2003, president/general manager of third generation resigned.
		1 Non Raffo	Lawyer	4 salaried managers	Each has experience in Procter & Gamble and Arthur Andersen.

Note:

IESA: Instituto de Estudios Superiores de Administración (Venezuela); ITESM: Instituto Tecnológico de Estudios Superiores de Monterrey (Mexico); ESAN: Escuela de Administración de Negocios para Graduados (Peru); UP: Universidad del Pacífico (Peru); PUCP: Pontificia Universidad Católica del Perú; U Piura: Universidad de Piura (Peru).

1) Directors include substitute and alternate directors.

2) Information about Credicorp was obtained from Form 20-F at Securities and Exchange Commission of the United States.

3) The company was acquired by a Colombian company in 2002. It was included to show changes of directors and managers by the acquisition.

Source: Elaborated by the author based on information from annual reports of respective companies.