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DISCUSSION PAPER No.40

Executive Managers in Large Mexican Family Businesses

Taeko Hoshino*

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Abstract

The involvement of members of owners' families in the running of large family businesses in Mexico is decreasing. Although family members still hold key posts such as that of CEO, other executive posts tend to be delegated to professional salaried managers. Top managers, including family members, share some common characteristics. They are young compared with managers in other developed countries, their quality as human resources is high, and many of them are graduates of overseas MBA courses. Most of them are sufficiently experienced. Improvement of quality among top managers is a recent phenomenon in Mexico, and has been encouraged mainly by the following two factors. First, globalization of business activities was promoted by intense competition among firms under conditions of market liberalization. In order to equip themselves with the ability to cope with the globalization of their operations, large family businesses tried hard to improve the quality of top management, by training and educating existing managers, and/or by recruiting managers in the outside labor market. Second, developments in the Mexican economy during the 1990s led to a growth in the labor market for top managers. Thus, business restructuring caused by bankruptcy, as well as mergers and acquisitions, privatization and so on, led to the dismissal of business managers who then entered the labor market in large numbers. The increasing presence of these managers in the labor market helped family businesses to recruit well-qualified senior executives.

* Senior Researcher, Area Studies Center, IDE (hosino@ide.go.jp)

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INSTITUTE OF DEVELOPING ECONOMIES (IDE), JETRO
3-2-2, WAKABA, MIHAMA-KU, CHIBA-SHI
CHIBA 261-8545, JAPAN

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Introduction

The purpose of this paper is to identify the attributes of top managers who are in charge of the running of operations in large family businesses in Mexico and to illustrate the process by which such attributes were obtained as a means for competing in the globalizing economy.

In studies of business history, it has long been argued that a separation of ownership and management is an inevitable development in family firms when they drive for growth (Berle and Means [1932], Chandler [1990]). It has also been argued that, because of the narrowness of the family as a source of managerial human resources, a transformation of family businesses into firms managed by professional salaried managers is unavoidable if growth is to take place [Morikawa, 1996]. Despite the convincing argument that there needs to be a separation of ownership and management, a recent empirical study has shown that large firms controlled by the owner's family are widely found around the world (La Porta, Lopez-de-Silanes and Shleifer [1999], Colli [2003]) and are prevalent especially in developing countries (Amsden [2000]). Their survival suggests that some measures have been adopted by large family businesses to escape from the constraints of managerial human resources.

In a previous study, the author identified two measures taken by large family businesses of Asia

and Latin America to escape from the constraints of scarce managerial human resources. One is the enhancement of the managerial capacity of owner families through education and training, and the other is the appointment of professional salaried managers to a wide range of top managerial positions (Hoshino[2004a]). The author has argued that the professionalization of management in family businesses in Asia and Latin America has advanced in the sense that management is in the hands of those who have professional knowledge and who have followed a well-developed business career, even though the control of management rests with owner families. The questions that then arise are the nature of the attributes of these professional managers and how such attributes are attained. The purpose of this paper is to answer these questions, focusing on the case of large Mexican family businesses.

The study of the attributes of top executive managers provides insights into the ability of family businesses to survive. It involves an evaluation of quality of managerial human resources which may or may not be adequate for survival in a competitive environment. Moreover a study of this kind illustrates the extent to which the owner family can sustain its control over management.

The quality of top managers is considered to be a determining factor in the growth of the firm (Penrose [1959]). Since the 1980s, the economic environment in which family businesses must operate has changed drastically. The globalization of the economy has not only brought about an increasing competition among firms, but has also opened up new business opportunities. For a family business to survive the fierce competition and to grow by seizing these opportunities, it is essential to employ capable top managers. We will see whether large family businesses in Mexico are endowed with such human resources. As regards the criteria for demonstrating the capability of

managers, educational background and professional career are used. The former reflects the level of managerial knowledge obtained formally, while the latter reflects the level of managerial skill accumulated through experience.

So far as the control of the owner family over management is concerned, it is generally imagined that control is tightly held, an image which comes partly from the tangibility of the owner family and partly from the difficulty of obtaining information on managers. That said, it would in any case be difficult for owners to participate in every managerial decision, and accordingly it is supposed that a managerial hierarchy is formed within the business organization and that some kind of responsibility for management is delegated to professional salaried managers. It is hoped that an analysis of the management of family business, focusing on managers who take charge of ordinary business operations, will show the extent and the nature of the control exercised by owners over the management of family businesses.

Very few studies refer to managers of Mexican family businesses¹. As far as this author knows, there exist only those studies which analyzed the top managers of large family businesses in the early 1970s (Derossi [1977] and Andrews [1976]). The principal reason for the absence of studies has been the difficulty of gaining access to information on managers. Accessibility was drastically improved in 2002, when the annual reports² of listed companies, which are submitted to the

¹ Mexican large family businesses have been studied by Pozas [1993], Garrido [1998, 1999], Cerutti [2000], Hoshino [2001] and Pozas [2002]. These studies analyze mainly the changes that have been apparent in business activities under economic globalization since the 1980s and do not focus on the management developments that induced these changes. The ownership structure of Mexican large family businesses, which is a requisite condition for control of management, has been analyzed by Babatz [1997] and Hoshino [2005], while the extent of owner family's assumption of a managerial position has been examined by Hoshino [2004b].

² Its official name is *Reporte anual que se presenta de acuerdo con las disposiciones de*

National Banking and Securities Commission (Comisión Nacional Bancaria y de Valores, CNBV) of Federal Government , began to be put on the Internet home page of the Mexican Stock Exchange (Bolsa Mexicana de Valores, BMV). The analysis offered in this paper is based principally on data derived from the annual reports of family-run major listed companies submitted to CNBV in July 2004.

The analysis consists of three parts. In part I, the 28 largest family businesses in Mexico, which are the subject of analysis, are presented and a brief description is provided concerning their characteristics as family businesses. In part II, the profiles of the executive managers of these family businesses are examined by means of analysis of their career data as presented in the annual reports of major listed companies of the 28 family businesses. In part III, in order to see how the profiles were shaped, we will explain the economic conditions surrounding the development of family businesses. It will be suggested that since the 1980s, because of an unstable and competitive business environment, qualified salaried managers have become indispensable for business survival, and the ability of those who were appointed to top manager's positions in family businesses has improved considerably. The paper concludes by presenting the principal findings of the study.

I. The 28 Largest Family Businesses

character general aplicables a las emisoras de valores y a otros participantes de mercado de valores. When the source of information is these annual reports, the data source is omitted for the sake of convenience.

This study focuses on the 28 largest family businesses which were analyzed by this author in a previous examination of the managerial positions assumed by owner families (Hoshino [2004b]). Appendix 1 lists these 28 family businesses and gives some basic information on them, including the owner family's name, the major listed companies and the principal activities of each business. Appendix 2 explains the process by which these 28 family businesses were extracted for study.

According to previous studies undertaken by this author, these 28 largest family businesses share the following peculiarities in ownership and management (Hoshino [2004b], Hoshino [2005]). First, the ownership of firms is generally structured like a pyramid, with a holding company at its apex and various strata of subsidiary firms beneath. Owner families hold the majority of the voting shares in the apex company, and this enables them to control the management of the whole pyramid of businesses. In many cases, the companies at the apex of the pyramid are identical to major listed companies. Second, the presence of the owner family is apparent on the board of directors of the apex company, which is the superior decision making organ of the whole group. The post of chairman of the board of the apex company is always held by a leading member of the owner family. Although other family members also hold various directorships on the board, their number does not always constitute a majority. Third, the General Law of Commercial Companies (*Ley general de sociedades mercantiles*) provides that the board of directors can designate officers who may help directors in the conduct of business operations. In reality, the responsibility for business operations is delegated to the Chief Executive Officer (CEO, *Director General* in Spanish) of the apex company and the other top managers beneath him. The presence of the owner family is minor in these posts compared with its presence on the board of directors. Although the post of

CEO is often held concurrently by the chairman of the board and by the family member regarded as successor to the actual leader, there also exist cases in which salaried managers are appointed to the position of CEO. Relatively few owner family members hold top managerial posts other than that of CEO.

The managerial position of those analyzed in this study is that of top executive manager (*funcionario* in Spanish) including the CEO. The career data of these individuals are presented in the annual reports of listed companies submitted to CNBV in July 2004. Although there are minor differences as regards the range of posts referred to as *funcionario* among companies, in most cases the description refers to the CEO and the other officers (*director* in Spanish) of the apex company, which functions as the headquarters of the pyramidal structure, as well as the CEOs of important subsidiaries. Hereafter, we will simply use the term “top manager” for *funcionario*. The director of the board is not included. Principal items of career data for each top manager, available from the annual report of listed companies, are name, actual managerial position, date of birth or age, educational history, year of entry to the company concerned, year promoted to present post, previous employment, and remuneration.

Top managers from owner families are included in the data. Of the 410 top managers covered in this study, 54 (26 COEs and 28 officers) were owner family members. The following analysis does not treat family and non- family separately because the purpose of the study is to discover whether top management positions are staffed by those who may be regarded as qualified persons. The author has analyzed elsewhere the attributes of CEOs from the owner family. Briefly, her study reveals that they have a high educational level and that their work experience is sufficient for the

post they hold. Of 19 CEOs whose educational data are available, all are university graduates, 16 being Master's degree holders, of whom 13 possess Master's degrees awarded by foreign universities. Of the 21 CEOs whose work career data are available, at least 14 had work experience inside or outside the family business before they were promoted to the CEO post. Their average age is 49 (Hoshino [2004b:20,35]). As we shall see later, these attributes are identical to those of the top managers analyzed in the following survey.

A shortcoming of the career data presented in annual reports is that their form varies from company to company, with the result that although the total number of top managers covered in the study amounts to 410, the sets of data on individual career items fall far short of this figure (see Appendix, Table 1). Because of this problem, the profiles of top managers will be traced by synthesizing the analysis using different sets of career-related data.

II. Profile of Top Managers of Mexican Large Family Businesses

1. Actual Age, Year of Entrance, Age of Entrance

Table 1 shows the distribution of the actual ages reported for 230 top managers of 28 family businesses. According to the table, the ages cover a wide range, in most cases from the middle thirties to the middle fifties. The oldest top manager is 75 years old and the youngest 31. The average age is 49, which means that they are relatively young compared with the top managers of developed countries (Fukao & Morita [1997], Cappelli & Hamori [2004]). Table 2 lists the average

Table 1. Distribution of Actual Ages of Top Managers
(Total Number of Sample: 230)

Age	Number
30~34	3
35~39	32
40~44	39
45~49	51
50~54	49
55~59	30
60~64	16
65~	10
Total	230

Sources: Annual Reports of respective major listed companies of 28 family businesses presented to CNBV in July 2004.

Table 2. Average of Age of Top Managers
(230 individuals in the sample)

No.	Name of Family Business	Abbreviation of Major Listed Company	Average Age
1	Carso	GCARSO	46
		AMX	38
		TELMEX	42
		GFINBUR	45
2	Monterrey	ALFA	53
		FEMSA	51
		VITRO	49
3	Cemex	GEMEX	60 *
6	Bimbo	BIMBO	49
8	Gigante	GIGANTE	46
9	Bal	PENOLAS	59
10	Soriana	SORIANA	51
13	Televisa	TELEVISA	45
14	Salinas	ELEKTRA	44
		TVAZTECA	44
15	Gruma	GRUMA	51
		GFNORTE	48
18	Saba	SABA	42
19	Nadro	NADRO	51
21	Bachoco	BACHOCO	48
23	Saltillo	GISSA	47
24	Sanluis	SANLUIS	67 *
25	Herdez	HERDEZ	55
26	Posadas	POSADAS	43
Average Age of 230			49

Note: It is possible that the results differed by one year depending on the companies because, although the data were taken from annual reports of 2003 which contain data of the end of December 2003, with regards on top managers data some companies give those of more recent time when the annual reports were edited.

* Data available only for CEO of owner family member.

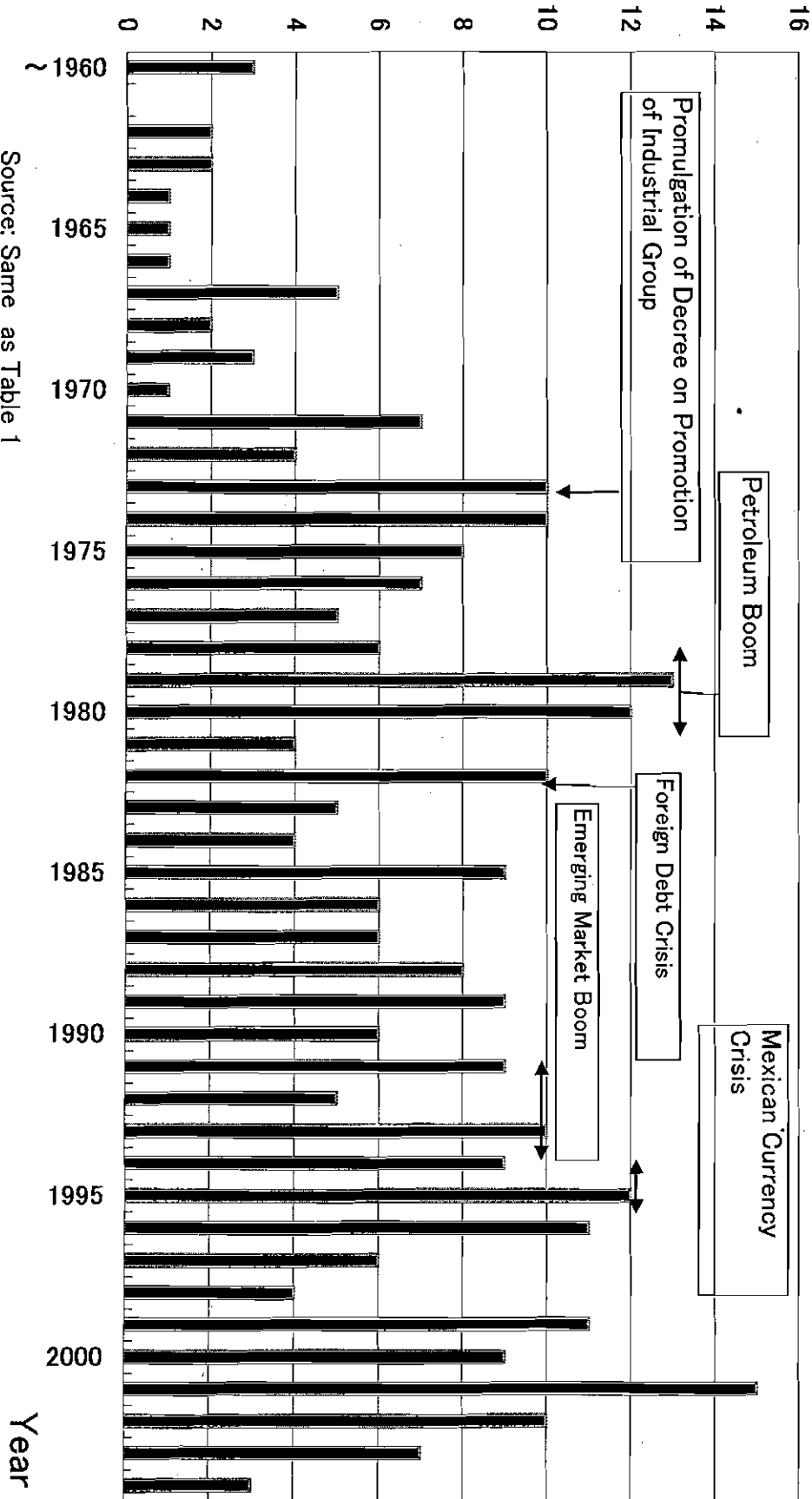
Source: Same as Table 1.

ages of the top managers of family businesses among the major listed companies. The table reveals large differences in age among companies. Those companies whose top managers are relatively old are ALFA, PENOLES, and HERDEZ, while those with relatively young managers are GCARSO, AMX, TELMEX, GFINBUR, ELEKTRA, and SABA. A common characteristic of the former companies is that they belong to old-established family businesses which had developed up until the 1970s as part of the process of import substitution industrialization in Mexico. The enterprises with younger managers are companies of the newly-emerging family businesses that grew rapidly during the 1980s and thereafter.

Figure 1 shows the distribution of years of entrance to companies in respect of 292 top managers. It is clear that there is a wide variation as regards years of entry. During the last quarter century Mexico has experienced repeated cycles of economic boom and crisis, beginning with the oil boom during the late seventies and early eighties, followed by the foreign debt crisis which began in 1982, the emerging market boom of the early nineties and the Mexican currency crisis of 1994-95. The temporal variation in numbers of managers entering companies shows increases during boom years and decreases during years of crisis. The exception is the first peak in the number of entries during the early seventies, a development that is not simply the result of a sudden increase in economic growth. In an attempt to promote further industrialization the Mexican government in 1973 introduced legislation which encouraged Mexican entrepreneurs to diversify their activities and form industrial groups (Hoshino[1990: 311-312], DESC[1998: 70-75]). The peak of entries in the early seventies is possibly due to the redefinition and expansion of business activities encouraged by this legislation, and the consequent increase in demand for managerial human resources in

Number

Figure 1. Distribution of Year of Entrance to Companies of Top Managers (291 individuals in the sample)



Source: Same as Table 1

old-established family businesses.

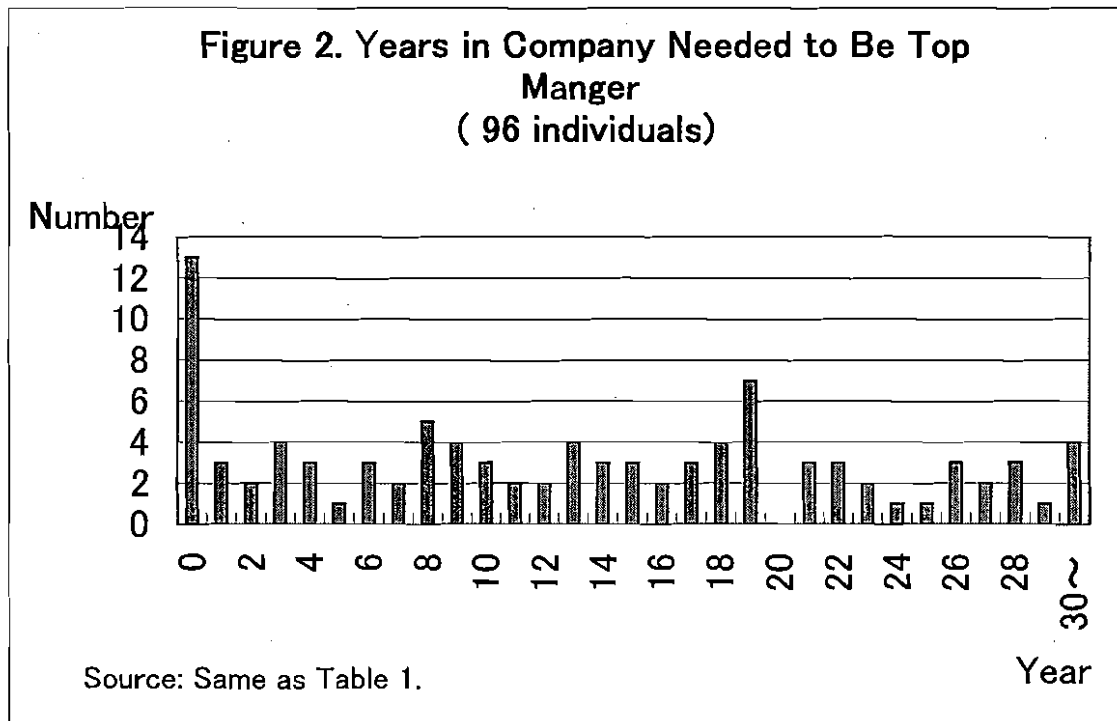
From the actual age and the year of entrance into companies of the same top manager, we can calculate his age of entrance to companies. Table 3 shows the figures thus obtained in respect of 153 top managers whose data were available for analysis. The table shows that some 75 individuals entered companies while in their twenties. This means that almost a half of the 153 surveyed entered their respective companies after graduating from university or postgraduate school, and/or after working for a few years in other companies. The remainder entered their company while in their thirties or at a later age, which means they entered after working in another company (or companies) for several years or more, and were promoted thereafter from middle to top managerial positions, or were recruited directly to top management. The table shows a small peak in the second half of the forties, which, considering the overall average age of 49, seems to represent those who were directly recruited as top managers. Table 3 also provides the age of entrance by companies. It is clear from the table that in some companies, managers are mainly in their twenties, which possibly indicates the presence of a clear principle as regards human resource administration, by which top managers are promoted internally from those who joined the company at a young age. Such companies are ALFA, VITRO, BIMBO, NADRO, and GISSA, which all belong to the category of old-established family businesses. As regards the other companies, the ages of entrance are dispersed, which means that in these companies, the principles concerning human resource administration are not as firmly established as in those in the group of old-established companies.

From information on the year of entering the company and the year of promotion to the present

Table 3. Age of Entrance to Companies of Top Managers (153 individuals)

Name of Company	~19	20~24	25~29	30~34	35~39	40~44	45~49	50~54	55~59	60~
GFINBUR		1			1					
ALFA		3	2							
FEMSA		6	1	1		3	2	1		1
VITRO			5		1	1	1			
BIMBO		6	4			1	2			
CEMEX		1								
GIGANTE		1	3		1		2	1		
PENOLES		2	1	3	2	1	1			
ELEKTRA			2	2	1					
GRUMA	1	2	1	1	1	1	2	1		
GFNORTE			1	5	3	5	5		2	
NADRO	1	7	3	1		1				
BACHOCO		1	3		2		1			
GISSA		3	4			1				
HERDEZ		5	3		1		4	3	2	2
POSADAS			4	2	1					
Total	2	38	37	15	14	14	20	6	4	3

Source: Same as Table 1.



position of the same top manager, we can calculate the number of years in the company needed to become a top manager. Figure 2 shows the distribution of 96 top managers. Those recruited into the company as top managers, individuals who are shown on the horizontal axis of the figure as zero in terms of the years needed for promotion, amount to 13, a number which is not so large in absolute terms, although it is the category with the biggest number of individuals. As the figure shows, most individuals were appointed as top managers after accumulating experience within the company. The number of years needed to attain top managerial position are widely dispersed, which means that an entrance into the company is possible at every level in the managerial hierarchy. This fact suggests the existence of a well developed external labor market in managers

2. Education

Table 4 shows the educational level of 150 top managers for whom information on education was available. According to the Table, all of them hold a Bachelor's degree or its equivalent, and more than a half of them, 83 in number, have a Master's degree. Some 16 top managers completed special courses of business administration at university business schools. These data indicate a high level of education. The names of the universities at which these managers studied are given in Table 5. The most frequently attended Mexican university among the top managers is ITESM (Instituto Tecnológico de Estudios Superiores de Monterrey) . Although generally speaking, public universities in Mexico, especially UNAM (Universidad Nacional Autónoma de México) which is located in the capital, have significant importance in terms of the number of their students,

**Table 4. Final Educational Level of Top Managers
(Total Number of Sample: 150)**

	Graduate of Bachelor's degree	Graduate of Master's degree	Total	Special Course ¹
Total	67	83	150	16

Note 1. Those who took special business administration courses at university level.

Source: Same as Table 1.

**Table 5. Universities from which Top Managers Graduated
(Total Number of Sample: 150)**

Name of University ¹	Bachelor's	Master's	Special Course
Mexico	91	23	8
ITESM(Private)	32	14	
UNAM(Public)	12		
Anahuac(Private)	7		
Ibero(Private)	6		
IPN(Public)	4		
IPADE(Private)	4	8	8
UANL(Public)	3		
Others	19	1	
Abroad	14	36	8
Stanford		8	2
Harvard		4	
Texas		3	
Others		21	6
Sub-Total	105	59	16
Data Not Available	45	23	
Total	150	83	16

Note 1. Exact names are as follows.

ITESM: Instituto Tecnológico de Estudios Superiores de Monterrey

UNAM: Universidad Nacional Autónoma de México

Anahuac: Universidad Anahuac

Ibero: Universidad Iberoamericana

IPN: Instituto Politécnico Nacional

IPADE: Instituto Panamericano de Alta Dirección de Empresa

UANL: Universidad Autónoma de Nuevo León

Source: Same as Table 1.

the scale of their budgets, and their political and social influence, their role in the education of top managers is relatively small. Those managers who graduated from public universities are in a minority, accounting for 19 of 68 top managers excluding those who studied in other Mexican universities and abroad. More than half of the Master's courses taken by the managers, not taking into account those for whom data are unavailable, were taught at universities overseas.. The overseas universities most attended among the managers were Stanford (8 individuals), Harvard (4 individuals) and Texas (3 individuals). Graduates of Mexican Master's courses studied mainly at ITESM and IPADE (*Instituto Panamericano de Alta Dirección de Empresa*). As regards those who attended special courses attached to universities, 8 studied at IPADE, 2 at Stanford, and 6 at other foreign universities. A salient feature of the data is the importance of foreign universities, and especially American ones, in the formation of the top managers of Mexican family businesses. Table 6 shows the specialties that the 150 top managers studied at university. The table reveals that their specialties, although diverse at the Bachelor's degree level, were concentrated at Master's level in business administration.

Both ITESM and IPADE are institutions of higher education that were established through the initiatives of Mexican entrepreneurs. The headquarters of ITESM are located at Monterrey, an industrial city and the capital of the north eastern state of Nuevo Leon. The person who took the lead in establishing ITESM was Eugenio Garza Sada, a leader of the second generation of the family that founded the Monterrey Group, which holds the second position in the Table 1. ITESM was established in 1943 with the purpose of educating engineers and business managers for those industries which were constrained at that time by a serious lack of human resources. It is said that

**Table 6. Higher Education Speciality of Top Managers
(150 individuals)**

Speciality	Bachelor	Master
Engineering	51	2
Business Administration ¹	35	73
Accounting	28	0
Law	11	1
Economics	9	2
Others	5	2
Sub-Total	139	80
Data Not Available	11	3
Total	150	83

Source: Same as Table 1.

**Table 7. Inter-Firm Movement of Top Managers
(102 individuals)**

I. Movement within the same family business	12	
Carso		8
Ball		1
Salinas		2
Gruma		1
II. Movement between 28 family businesses between family businesses based in Monterrey	14	10
III. From foreign company	18	
IV. From Government Office or Public Company	10	
V. From office of Lawyer, Accountant, or Consulting	9	
VI. Others	39	
from Financial Sector		17
Total	102	

Notes: When a top manager has repeated movements,
his last movement is taken for purposes of classification.

Source: Same as Table 1.

the model of ITESM that Garza Sada had in mind was the Massachusetts Institute of Technology (Mendirichaga[1982: 38]) .

IPADE, another institution of higher education that specializes in business administration, was established in 1967 under the auspices of the Mexico City business community. The principal promoter of the project was Manuel Senderos, who was the founder of DESC, which holds eleventh position in Table 1. He took as his model the Harvard Business School. IPADE was integrated in 1980 into Universidad Panamericana, a private university, and became its affiliated business school. Both ITESM and IPADE have evolved into highly respected business schools and these days occupy high positions in international rankings of MBA³ courses. A laborious but urgently needed venture for educating Mexican managers has at last borne fruit.

The above analysis makes clear the propensity of top managers to take American-style MBA courses, either in American universities or in Mexican universities that have been modeled on American examples. This means that as is the case in most other countries, top managers in Mexico have been trained by way of American-.style business management courses.

3. Previous Employment

The preceding description shows that some top managers have past work experience in other companies. From information on previous employment available for 102 individuals, we can

³ According to a survey carried out by the Wall Street Journal and Harris Interactive in 2005, ITESM and IPADE were ranked respectively 9th and 5th out of 47 MBA course providers in the North American region (*Wall Street Journal* [2005]).

identify the characteristics of the inter-firm movement of top managers. These are presented in Table 7. The table classifies the firms in which the managers were previously employed by the nature of their capital or their activities. According to the table, there were 12 cases of movement between firms within the same family business group. In the case of Carso, ranked first in Table 1, eight transfers were recorded, which suggests the existence of an inner labor market for top managers within the group. Some 90 transfers (categories II to VI inclusive in the Table) are movements from firms other than the family business in which the manager is at present employed. Out of these 90 cases, 14 were transfers between firms affiliated to the 28 family businesses covered in this study. Another characteristic of the patterns of movement shown in the table is an abundance of individuals from the financial sector, which amount to 17 in number. Of these 17, some 14 were transfers within the financial sector. Finance is one of the economic sectors that have undergone drastic restructuring during the last quarter century. The process began in 1982 with the nationalization of private banks, which were re-privatized in 1990-91, and includes the massive bankruptcies and incidences of M & A by foreign banks after the 1994 Mexican Currency Crisis. It is likely that during this turbulent process, the fluidity of employment increased, a development that is reflected in the frequency of movement in the financial sector.

4. Remuneration

Insofar as it is presented in aggregate rather than individual amounts, the information contained in annual reports on the remuneration of top managers differs from the data used in the preceding

parts of the analysis. Moreover, the criteria on remuneration vary from firm to firm, with some firms giving information only on top managers, and others reporting on both top managers and board directors. Yet other firms provide only the basis of the remuneration, without details of the payment itself. Here, we will confine ourselves to general characteristics of remuneration, using these three kinds of information.

Table 8 shows data on the aggregate amount of the remuneration received by top managers. When both the aggregate amounts paid and the total number of those paid are given, we can obtain the average amount paid per person. The results of this calculation are: P\$6.6 millions for Alfa, P\$3.01 millions for Cydsa, P\$2.2 millions for Gigante, P\$1.47 millions for SALINAS, and P\$0.36 millions for TMM (the monthly average exchange rate in December 2003 was about P\$11 per 1 US \$). These figures reveal that top managers are paid fairly well considering the Mexican standard of living, and the amounts given to them increase in proportion to expansion of the scale of business.

Table 9 profiles the aggregate amount of the remuneration paid to directors of the board or to directors and top managers, or the basis of payment to directors. When we compare the amounts of remuneration given to directors and those given to top managers, some interesting features of the remuneration system become apparent. First, for companies whose data are available on both aggregate amounts of directors and number of directors, the average amount of remuneration can be calculated. The results of the calculation are: P\$0.175 millions for AMX, P\$0.22 millions for FEMSA, P\$0.025 for TVAZTCA, P\$0.333 millions for ELEKTRA, and P\$0.5 millions for LIVEPOL. Although these amounts are far from insignificant, they are smaller by one whole

Table 8.1 Table 8. Remuneration for Top Managers (Mexican Pesos, Year 2003)

No.	Name of Company	Total Amount of Payment
1	AMX	P\$89 million for top managers (number not available) plus P\$2.04 million of allowances for pension, retirement reserve and others.
	ALFA	P\$253 million for 38 principal top managers.
2	FEMSA	P\$806 million for top managers (number not available) of the company and its principal subsidiaries including bonus and stock option.
	CYDSA	P\$69.2 million for 23 top managers including salary, bonus and allowances
6	BIMBO	0.31 % of consolidated current expenditure for principal top managers (number not available).
8	GIGANTE	P\$33 million for 15 top managers including 5 owner family members.
12	IMSA	P\$117.6 million for top managers (number not available).
14	ELEKTRA	P\$171.5 million for 117 top and middle managers including CEO.
	TVAZITCA	P\$57 million for principal top managers (number not available).
16	CODUSA	P\$20.4 million for top managers (number not available).
17	LIVEPOL	P\$32.3 million for principal top managers (number not available).
18	SABA	P\$23 million for top managers (number not available).
24	SANLUIS	1 % of consolidated current expenditure for principal top managers (number not available) ² .
25	HERDEZ	0.91 % of consolidated current expenditure for principal top managers (number not available) including salary, bonus and other allowances.
27	TMM	P\$ 6.4 million for 18 top managers including owner family members.

- 注：
1. Consolidated current expenditure amount to P\$21,575 million, so that estimated payment amounts P\$64.73 million.
 2. Consolidated current expenditure amount to P\$4,923 million, so that estimated payment amounts P\$49.23 million.
 3. Consolidated current expenditure amount to P\$4,771 million, so that estimated payment amounts P\$43.42 million.

出所： Sources: Same as Table 1.

Table 9. Remuneration of Directors of the Board (2003)

Name of Company	Aggregate Amount or Basis of Payment
AMX	Aggregate amount is P\$2.1 million for 12 directors
TELMEX	P\$47,700 per 1 attendance at the board meeting, P\$11,700 per 1 attendance at the committee meeting of the
GCARSO	P\$11,000 per 1 attendance at the board meeting
GFINBUR	P\$12,600 per 1 attendance at the board meeting
ALFA	Annual payment of 8 Centenario gold coin plus 5 Centenario gold coin per 1 attendance to the board meeting plus 4 Centenario gold coin per 1 attendance at the committee meeting in the board.
FEMSA	Aggregate amount is P\$4.2 million for 19 directors.
VITRO	3 Centenario gold coin per 1 attendance at the board meeting, 3 Centenario gold coin per 1 attendance at the committee meeting except audit meeting, 5 Centenario gold coin per 1 attendance to audit committee meeting and P\$14,000 per month for audit committee members.
CYDSA	P\$30,000 per year for directors and auditor, P\$15,000 per 1 attendance at board meeting and at committee meeting. Aggregate amount is P\$1.8million.
CEMEX	Aggregate amount is P\$ 17.4million for directors, proxy directors and principal top managers (number not available) including stock option, of which P\$5.09million is payment based on performance.
GMEXICO	Aggregate amount is P\$ 131.6million for directors and top managers (number not available)
COMERCI	Aggregate amount is P\$73.9 million for directors and top managers (number not available), excluding stock option.
BIMBO	Annual payment of P\$14,000 and \$14,000 per 1 attendance at the board meeting except those who serve concurrently as top managers and members of committee.
GIGANTE	P\$20,000 per 1 attendance at the board meeting.
SORIANA	Remuneration is not paid to directors of the board, although it is payable according a corporate statute.
DESC	Aggregate amount is P\$89.9 million for 11 directors, 1 auditor, 1 proxy auditor, 13 top managers.
IMSA	Aggregate amount for directors who do not participate in top management is P\$2.04million (number not available).
TELEVISA	Aggregate amount for directors, proxy directors and top managers is P\$193.4 million (number not available).
TVAZTCA	Aggregate amount for 13 directors is P\$ 0.3million.
ELEKTRA	Aggregate amount for 9 directors is P\$3 million.
BANORTE	Aggregate amount for directors and principal top managers is P\$139 million (number not available).
GRUMA	P\$14,500 per 1 attendance at board meeting. Aggregate amount for directors, proxy directors, auditor, top managers, members of audit committee is P\$ 114.9 million (number not available).
CODUSA	Remuneration is not paid.
LIVEPOL	Aggregate amount for 15 directors is P\$7.5 million.
SABA	Remuneration is not paid.
NADRO	Aggregate amount is 0.14% of total expenditure and 0.01% of total sale (number not available).
CORVI	Aggregate amount is P\$48.3 millions for directors and top managers (number not available) except bonus based.
BACHOCO	Aggregate amount is P\$22.8 millions for directors and principal top managers (number not available).
CONTAL	Aggregate amount is P\$31.0 millions for directors and principal top managers (number not available)
SANLUIS	Annual payment of P\$30,000 for director and P\$15,000 for proxy director. 1 Centenario gold coin per 1 attendance at board meeting and 1 attendance at committee meeting of the board.
HERDEZ	1 Centenario gold coin per 1 attendance at board meeting.
CAMESA	P\$10,000 per 1 attendance at board meeting. In 2003 board meeting were celebrated four 3 times.

Note 1. In August 2004, the market price of a Centenario was P\$5,100 for buying and P\$5,700 for selling at the Bank.

Source: Same as Table 1.

digit compared with the payments given to top managers. Moreover, a similar feature is evident in the descriptions given in the annual reports on the basis of payment for directors of the board. For example, in the case of ALFA, the remuneration given to directors of the board consists of a fixed annual payment as well as a payment for attendance at meetings. The former amounts to 8 *Centenario* gold coins, which had a market value of about P\$5 thousand per coin in 2004, and the latter amounts to 5 or 4 gold coins for each attendance, depending on the character of the meeting. Let us suppose that meetings of the board are held once a month and that a director attends every meeting. In this case his annual remuneration would amount to P\$0.34 million including the fixed payment he receives as a board director. This shows that payment to directors is really an honorarium in nature. The same conclusion can be drawn from Table 9 which also presents aggregate amounts paid to directors and top managers. Compared with the figures of payments to directors, these amounts are larger by one or two digits, a difference which probably can be explained by including the remuneration paid to top managers.

Some listed companies give information in their Annual Reports on how the remuneration given to top managers is calculated. Often, a top manager's work is evaluated according to how far he has attained the goal which has been set for him beforehand. A general tendency is for institutionalization to develop by means of the formation within the company of a section that specializes in evaluation and remuneration, the setting up of criteria of evaluation, and the consultation with market quotations, although the influence of the owner family over the final decision on remuneration is thought to be large.

The preceding analysis provides us with a profile of the typical top manager of a Mexican family business. He is relatively young, highly educated and familiar with the American style of business management. He is also very well paid. There exist three kinds of route to the position of top manager. One way ahead is for a manager to enter a family business at the start of his professional career and to be promoted internally thereafter. Another is for a manager to enter a family business after accumulating work experience elsewhere and to be promoted from the middle ranks thereafter. The third approach is for a manager to be recruited directly to the top position. The preferred route to the top among managers varies from business to business. A general trend is for the share of internally promoted top managers to be higher in old-established family businesses than in newly emerging ones. The existence of managers who entered their firm after accumulating work experience and the various patterns of their movements between companies points to the formation of a labor market among top managers. In the following part we will provide some explanatory background on the shaping of career profiles by examining the changing condition of the Mexican economy since the 1980s.

III. Restructuring of Family Business and Emergence of Salaried Managers

1. Rising Educational Level and Demand for Qualified Managers

Derossi [1977] carried out an interview survey of 200 top managers of Mexican industries, including both owner managers and salaried ones, in 1969 in order to identify their characteristics from a sociological point of view. Her study provides us with a profile of top managers during the

final stage of import substitution industrialization in Mexico.

The data on education produced by her survey consist of information on 143 individuals, including 43 who were founders of their business, 32 who were successors of the family business, and 68 who were salaried managers. The percentages of university graduates in each category were 56%, 79% and 66% respectively. At the time of the survey, the main indicator of the level of final education was possession of a university Bachelor's degree, postgraduate education being not yet a factor that could be taken into account.

The testimonies of 50 top managers, included by Derossi in her book, reveal several interesting facts. First, we can observe the formation of a managerial hierarchy in companies which had rapidly developed during the process of industrialization. In two companies whose labor force amounted to between one and two hundred, two strata of managerial hierarchy, namely top management and junior management, were evident. In three companies with labor forces of between one and two thousand the three strata of top, middle and low could be observed⁴. In the testimonies, we can find a significant observation by one top manager of a company with three strata, who said that the era of managers who act on instinct had already ended and the era of professional managers had begun. Second, at that time there existed companies which were not foreign owned but were managed by salaried managers. These were companies whose principal stockholders were the national private banks. Before their nationalization in 1982, private banks which were not affiliated to family businesses, such as Bancomer and Banamex, included numerous

⁴ See numbers 9, 37,39, 41, and 48 of the testimonies. The titles of office in companies with three strata are *director general*, *director*, and *subgerente* (or *gerente*) ; in companies with two strata, the Spanish terms *director general* and *gerentes* (or *gerente superior*) are used.

companies in their portfolios. It could well be the case that management of these companies was delegated to salaried managers. In one of the testimonies, Banamex is described as the shareholder of the company concerned⁵. At present, companies owned by private banks have mostly disappeared because of the aforementioned drastic restructuring of the financial sector .

With regard to the level of education of top managers in the 1980s, we can find various figures in the articles of *Expansión*, a Mexican business journal. One of these articles deals with the results of a survey, conducted by ITESM and a private consulting company in 1981, which covered 1076 managers. The average profile portrayed in this survey is that of a manager aged 40 years, with nine years spent in the company, having changed employment three times, and with a position in the second strata from the top, or the third stratum in the case of large company, in the management hierarchy. Although it seems that middle managers were included in the scope of the survey, it still clear that the educational level of managers had risen considerably. Of the total 1076 managers, 86 % had attended Bachelor's degree courses, 30% held Master's degrees, and 3% held doctorates (56%, 27%, 3% respectively, when described by the final level of education). The remaining 14% did not attend university. With regard to the Bachelor's degree courses taken by the managers, 90% were located in Mexico and 54% were at private universities, of which the most frequently attended was ITESM. Some 51 % of the managers had taken courses in business administration and 36 % in engineering. Concerning the Master's courses, 90% were located in Mexico, and 90% were at private universities (*Expansión* [1981, May 27:433]) .

More recent figures can be found in a 1997 article of *Expansión*, which deals with the attributes

⁵ See numbers 39 and 41 of the testimonies.

of a representative 100 executive managers in Mexico. Of these, 24% were foreigners employed in foreign companies. According to the article, as regards the final level of education; 56% of the executive managers possessed Bachelor's degrees, 35% were Master's graduates, and 2% held doctorates (data for the remaining 7% were not available). In addition, 34% of the managers had attended special courses. With respect to specialty, at Bachelor's degree level, 44% of the courses that had been taken were in administration and accounting and 39% were in engineering. Of the Master's courses, administration and accounting made up 74% and engineering 16%. Because of the inclusion of foreigners in the data, some 49% of the managers covered by the survey had studied abroad. However 36% of Mexicans, also, had studied abroad. Of those who studied in Mexico, 53% went to private universities. ITESM accounted for 35%, while 37% graduated from UNAM (*Expansión*[1997a, Abril 9:22])

Although strict comparison is difficult because of the variation in the range of managers covered by the surveys, from the facts mentioned above it seems safe to say that the educational level of managers has risen steadily from year to year.

Judging from articles in *Expansión*, we can conclude that the educational level of managers has risen in response to a growth in the demand of companies for qualified human resources, especially in the 1990s. One article in 1989 deals with a typical manager of the 1990s, whose ideal image is young, bilingual, a university graduate, and desirably the holder of an MBA (*Expansión* [1989, Abril 26:57]). It should be stressed, however, that this was an ideal image and not necessarily the real one. This situation changed in the 1990s. In another article which deals with the emergence of a new type of manager, executives were described as highly educated, with a good capability for

decision making, with a high adaptability, and with a cosmopolitan mentality (*Expansión*[1992, Nov.11:135]. In articles of 1994 and thereafter, the requisites of the sort of qualified manager who was being sought after by Mexican companies began to be portrayed more concretely. Besides a Master's degree, which had by now become indispensable for gaining good-quality managerial employment, the desired attributes of top Mexican executives have come to include fluent English, sufficient work experience, adaptability to different cultures, ability to work abroad, facility in computer use, and ability to engage in team work(*Expansión* [1994b,Nov.23:51] *Expansión* [1995b, Nov.22:84] *Expansión* [1996, Jul.17:42,49] *Expansión* [1997b,Nov.19:121-122] *Expansión* [1998b, Nov.18:104] *Expansión* [1999, Nov.10-24:53] *Expansión* [2000a, Abr.12:54] *Expansión* [2002, Ago.21-Sep.04:58]). These qualifications required of managers are coincident with those of top managers examined above, many of whom are holders of MBAs, have studied abroad and have accumulated work experience.

It would appear that the progress made by family companies in the globalization of business activities during the 1990s is the reason why the requirements for managerial employment in companies have become so demanding.

2. Globalization of Business Activities, Shortage of Managerial Human Resources and Rising Remuneration

The decades of the 1980s and 1990s were difficult years for family businesses in Mexico. The foreign debt crisis of 1982 decisively put an end to the import substitution policy of

industrialization that had been pursued for almost forty years. As part and parcel of the neo-liberal economic reforms that were followed thereafter, trade liberalization and the relaxation of controls on foreign investment were implemented, developments that exposed family businesses to fierce competition from imported goods and multinational corporations entering Mexico. As a result, several old family businesses quit the scene, having failed to compete and/or having been acquired by multinational corporations or rival family businesses. At the same time there emerged new family businesses which grew rapidly by exploiting the commercial opportunities brought by the economic reforms. The 28 family businesses analyzed in this study are either old-established family businesses which survived the competition or newly-emerged family companies.

A common characteristic shared by the old-established family businesses and the newly-emerged family firms is that both types of company are globalizing their activities in terms of markets, fund raising and inter-firm alliances. Both groups enjoy a high external market share as regards sales, are highly dependent on international fund raising including the issuance of stocks and bonds and the contracting of bank loans in international markets, and are constructing close links with foreign firms by means of developments such as joint ventures, technological assistance, and sub-contracting. Family businesses began to globalize in the early 1990s when several of them listed their stocks on the New York Stock Exchange, and started foreign direct investment in the United States and in other Latin American countries (Hoshino [2001:7,13,15]).

It seems very likely that the globalization of business activities has brought with it a demand for new qualifications among senior managers. These qualifications include the ability to plan corporate strategy, a good knowledge of marketing and corporate finance, the ability to negotiate in

foreign transactions, and a level of linguistic proficiency sufficient to carry out all these activities. The rising educational level of managers in general as well as the abundance of MBA holders and those (in 28 of the family businesses) who have studied abroad reflect the new requirements of globalizing companies.

People equipped with these qualifications are in short supply in Mexico and it may well be the case that the imbalance in supply and demand has pushed up the remuneration paid to managers. When the conditions of supply and demand bring about a movement in prices, we can expect the emergence of a market. We can discern several phenomena that suggest the existence of a labor market in managers in Mexico. One is the increase in the number of head-hunting offices. An article in *Expansión* reports that the number of such establishments increased in the second half of the 1990s and all of the 10 largest head-hunting offices in the world entered the Mexican market during the years before 1998 (*Expansión* [1998b, Nov.18:111]). Another notable feature is the existence of quotations for managers' remuneration. *Expansión* reports the existence of consultancy offices which specialize in market research on managers' remuneration, and the journal has even carried out, in cooperation with one of these offices, surveys on remuneration, and has edited special issues on the theme. Third, there is frequent movement of top managers among firms, a development that has been observed in the second part of this paper. We have seen in Figure 1 the pattern of distribution of years in which 291 top managers entered their companies. It may well be the case that peaks in entrance numbers, as depicted in the figure, are years when the demand for managers increased. The peak in the 1990s was in 1995, the year of the Mexican Currency Crisis. As regards the quotations of top managers' remunerations, we can discern their

upwards trend in the pages of the aforementioned special issues of *Expansión*. Table 10 presents the remuneration of CEOs in large companies, using information extracted from issues of *Expansión*. The table shows that although their remuneration increased in absolute terms throughout the period covered by the table, it underwent ups and downs in terms of constant prices. The shape of the wave in remuneration almost coincides with the wave in numbers entering companies, shown in Figure 1. Thus when the demand increases, the remuneration also goes up. These facts suggest that the market mechanism is functioning and that extravagant remuneration for top managers of family business reflected a dearth of highly qualified human resources.

Conclusion

The family company prevails around the world as a predominant form of business entity. In order to throw light on the capacity for subsistence of such firms, the attributes of their top managers have been analyzed with particular reference to large Mexican family businesses. As was explained in the introduction, our main concerns have been the extent to which large family companies in Mexico are staffed with qualified top managers who can ensure that businesses grow successfully under competitive conditions, as well as the extent and nature of control exercised by owners over the management of family businesses. Insight into these issues may provide us with evidence for evaluating the capacity of family firms to survive. As a way of concluding this paper, we would like to synthesize our findings concerning these two issues.

If we extract from our findings the profile of the top managers of the 28 family businesses that

Table 10. Remuneration of CEO of Large Companies (Unit: 1000Pesos)

	Current Price	Constant Price of 1994
1993	545	584
1994	896	899
1995	1,259	917
1996	-	-
1997	1,679	771
1998	2,195	874
1999	-	-
2000	3,165	981

Note 1. Total of basic salary and allowances before tax. The median value of large companies sampled, except for the year 2000 which is the remuneration of a company ranked at fourth from the bottom. Definition of large company is a company with sales of P\$100 million or more in 1993, P\$500 million or more in 1994 and thereafter.

Source: *Expansión* [1993, Nov.24:57] *Expansión* [1994b, Nov.23:35] *Expansión* [1995a, Nov.22:71] *Expansión* [1997b, Nov.19:103] *Expansión* [1998a, Nov.18:95] *Expansión* [2000b, Nov.22:64]

we have analyzed, we find that the typical manager is relatively young, highly educated, habituated to American-style business management, and highly remunerated. It was during the 1990s that these characteristics became apparent among Mexican managers. The context of this change was intensification of competition, which encouraged family enterprises to globalize their business as a means of survival. For the reorientation of their activities, they required qualified managers capable of globalizing their business operations, and this shaped the profile of top managers described above. In the careers of top managers, we can see a difference between the old-established family businesses, which developed during the process of import-substitution industrialization, and the newly emerging and rapidly expanding family businesses, with the former category containing a higher percentage of those who entered young and were internally promoted to the top than the latter. An interpretation of this difference is as follows. In the 1990s the labor market in top managers grew rapidly because of the increased fluidity of employment of managers fostered by large-scale business restructuring. This development favored newly emerging family businesses which had an opportunity to directly recruit experienced managers in the labor market. Old-established family businesses, which already held a pool of human resources within them, recruited only those whom they needed. If we define a “qualified manager” as a manager with a high educational level and sufficient experience in business, we can safely say that the tendency among Mexican large family businesses is to be staffed with qualified managers.

As regards the second issue, the rapid growth of a labor market in managers during the 1990s in Mexico and the growth of demand for managers seem suggest that it is impossible for a family company to manage a globalizing business unless it is equipped with salaried managers who have

knowledge and experience of business administration. The difference between top managers and board directors observed in the discussion of remuneration suggests a difference in participation in management in terms of both time and intensity, a situation that may produce an information gap between them. Although the board of directors has the final say in decision making, top managers can hold countervailing power based on the information gap. From this perspective, we can say that the control of the owner family is not as solid as it might otherwise seem. This conclusion makes us appreciate how important it is for the owner family to let their members participate in business operations. The participation of owner family members as top managers can strengthen the control of the owner family over business and can thus stabilize the management of the family business, by closing the information gap between top managers and the board of directors and facilitating the communication between the two parties. Without doubt, it will continue to be vital for the subsistence and growth of the family business for the owner family to recruit from their midst the qualified human resources described in this study. If they cannot provide them, and if the owner family retreats from direct participation in business operations, the control of the owner family will weaken, and its power of enforcement will fade.

Appendix Table 1. Outline of 28 Family Businesses and Number of Data Available

No.	Name of Family Business ¹	Principal Owner Family ²	Major Listed Companies (Abbreviation used in BMV)	Business Activities	No. of Top Managers whose Data Were Available		No. of Data Available		Previous Employment [†]	Year of appointment to Actual Post ^③	
					Age ^①	Year of Entrance in Company ^②	Age of Entrance	Education			
4	Carso	Slim-Domit	America Movil (AMX)	Telecommunications	5	1	0	0	1	5	0
			Telefonos de Mexico (TELMEX)	Telecommunications	23	4	0	0	4	5	0
			Grupo Carso (GCARSO)	Mining, Department Stores, Tire, Autoparts, Tobacco, Foods	8	4	0	0	4	0	0
			Grupo Financiero Inbursa (GFINBUR)	Finance	8	2	8	2	1	0	0
2	Alfa Femsa Vetro Oydas	Garza-Sada Garza-Lagüera Sada-González González-Sada	Alfa (ALFA)	Iron & Steel, Foods, Autoparts	7	7	5	5	7	2	4
			Fomento Económico Mexicano (FEMSA)	Soft Drinks, Beer, Convenience Store Chain, Packaging	15	15	15	15	7	5	15
			Vetro (VITRO)	Glass	8	8	8	8	8	4	8
			Oydas (OYDASAS)	Petrochemicals, Textiles	7	0	7	0	0	0	0
3	Cemex	Zambrano-Hellion ⁴	Cemex (GEMEX)	Cement	9	1	9	1	9	7	9
			Grupo México (GMEIXICO)	Non Ferrous Metal Mining, Railroads	11	0	9	0	0	5	11
4	G Mexico	Larrea-Mota	Controladora Comercial Mexicana (COMERCIO)	Supermarket Chain, Restaurants	9	9	9	0	0	0	0
			Grupo Birbo (BIMBO)	Baking	14	13	14	13	14	0	9
7	Modelo	Fernández-González ⁴	Grupo Modelo (MODELO)	Beer	7	0	7	0	0	0	0
			Grupo Gigante (GIGANTE)	Supermarket Chain, Restaurants	16	16	8	8	14	0	11
8	Gigante	Lozada-Moreno	Grupo Nacional Provincial (GNP)	Insurance	6	0	5	0	0	4	0
			Grupo Palacio de Hierro (GPH)	Department Stores	0	0	0	0	0	0	0
9	Bal	Balleras-Gual	Industrias Peroles (PEROLES)	Non Ferrous Metal Mining	10	10	10	10	4	1	0
			Organización Soriana (SORIANA)	Supermarket Chains,	21	21	0	0	0	0	21
10	Soriana	Martín-Borjue	Desc (DESCO)	Autoparts, Foods, Petrochemicals, Real Estate	13	0	12	0	0	0	1
			Grupo Insa (IMSA)	Iron & Steel, Metal Manufacturing, Construction Materials	10	0	10	0	0	0	10
12	Insa	Giarondi-Garza	Grupo Televisa (TELEvisa)	TV Broadcasting	13	13	0	0	0	0	13
			Grupo Elektra (ELEKTRA)	Department Stores	9	9	5	5	9	7	9
14	Salinas	Salinas-Price	TV Azteca (TVAZTCA)	TV Broadcasting	10	10	0	0	6	1	6
			Gruma (GRUMA)	Maize Flour Milling, Foods	11	10	11	10	0	4	3
15	Gruma	González-Moreno	Grupo Financiero Banorte (GFNORTE)	Finance	21	21	21	21	21	20	0
			Corporación Durango (GODUSA)	Pulp & Paper	10	0	0	0	0	3	10
16	Durango	Rincon-Arredondo	El Puerto de Liverpool (LIVERPOL)	Department Stores	9	9	9	0	0	0	0
			Grupo Casa Saba (SAB)	Wholesale Medicines	13	13	13	13	12	6	2
17	Liverpool	Michal-Suberville	Nadro (NADRO)	Wholesale Medicines	16	0	16	0	0	0	0
			Escandon-Cusi	Wholesale Trading	8	7	7	7	8	7	6
18	Nadro	Villasenor-Zepeda	Grupo Corvi (GOORVI)	Chicken Farming	8	7	7	7	8	7	5
			Industrias Bachoco (BACHOCO)	Soft Drinks	17	0	17	0	0	0	0
20	Corvi	Robinson Bours-Torres	Grupo Continental (CONTAL)	Autoparts, Construction Materials, Household Utensils	10	8	10	8	10	1	10
			Grupo Industrial Saffilo (GISSA)	Autoparts	7	1	6	0	6	1	1
21	Bachoco	Grossman-Fleishman	Lopez-del Bosque	Foods	20	20	20	20	2	0	1
			Grupo Hénder (HERDEZ)	Hotels, Restaurants	7	7	7	7	0	0	0
22	Contal	López-del Bosque	Grupo Pasadas (POSADAS)	Marine Transport, Railroads, Storage	10	0	10	0	0	0	0
			Grupo TMM (TMM)	Metal Manufacturing, Petrochemical, Chemical, Mining	3	0	3	0	3	0	0
23	Saffilo	Madero-Pinson	Del Valle-Ruiz	Metal Manufacturing, Petrochemical, Chemical, Mining	410	230	291	153	150	102	197
			Grupo Industrial Camesa (CAMESA)								
24	Sanhils	Hernández Pons-Andrade	Grupo TMM (TMM)								
			Grupo TMM (TMM)								
25	Herdez	Azaragoza-Andrade	Grupo TMM (TMM)								
			Grupo TMM (TMM)								
26	Posadas	Serrano-Scovia	Grupo Industrial Camesa (CAMESA)								
			Grupo Industrial Camesa (CAMESA)								
27	TMM	Del Valle-Ruiz	Grupo Industrial Camesa (CAMESA)								
			Grupo Industrial Camesa (CAMESA)								
28	Camesa	Del Valle-Ruiz	Grupo Industrial Camesa (CAMESA)								
			Grupo Industrial Camesa (CAMESA)								
Total Number of Data Available					410	230	291	153	150	102	197

Notes 1 Names are tentative and not those widely acknowledged.
 2 Family name of the leading figure of family business.
 3 Monterrey was split into 4 sub-groups in 1973 due to an inner family conflict on succession. Although it is possible to consider each of the four sub-groups as an independent family business, because of the apparent linkage between them by shareholdings and exchange of directorship, Monterrey is regarded as one family business in this study.
 4 Although it is difficult to consider these groups as family business if we adopt a more rigid definition of family business, they are included in this study because family members of the founders still maintain a controlling share of the stock.
 Source: Annual Reports of respective companies submitted to CNBV in July 2004.

Appendix 2. -Process of Extraction of the 28 Family Businesses

The original data used in drawing up the list of businesses was the ranking of the largest 500 firms, by sales, for the year 2000, as edited by the Mexican economics magazine *Expansión* [2001]. As this ranking treats parent and subsidiary companies separately, subsidiaries were excluded and other information sources consulted, and a ranking of the largest 100 firms was then drawn up. In the following stage, from the list of 100 firms, foreign firms and public firms (47 firms in total) and non-listed national private firms with limited available information (12 firms) were excluded. From the remaining 41 national private firms, those in bankruptcy (4 firms) and those that can hardly be regarded as family businesses (4 firms) were also excluded. Of the remaining 33 firms, those owned or under the management control of the same owner family have been considered as one unit, and the resultant 28 firms and units have been re-ranked according to total sales.

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