

The Rise of Spanish Multinationals: European Business in the Global Economy. By Mauro F. Guillén. New York: Cambridge University Press, 2005. ix + 268 pp. Index, notes, references ,photographs, tables. Cloth, \$40.00. ISBN: 0-521-84721-4.

Reviewed by Núria Puig

In recent decades, business historians seeking to conceptualize their own empirical research have found inspiration in the field of economic sociology. As part of an ongoing collaboration, social scientists have begun assisting business historians in their search for a new theoretical framework and greater academic and public visibility. In *The Rise of Spanish Multinationals*, Mauro Guillén, a Spanish-born professor of international management at the Wharton School of the University of Pennsylvania, demonstrates that the relation between economic sociology and business history can be very fruitful. Guillén earlier proved his ability to examine topical issues in a comparative and historical perspective in two books: *Models of Management: Work, Authority, and Organization in a Comparative Perspective* (1994), in which he examined the genesis of managerial ideologies in the United States, the United Kingdom, Germany, and Spain; and *The Limits of Convergence: Globalization and Organizational Change in Argentina, South Korea, and Spain* (2000), in which he analyzed the role of business groups in newly industrialized nations.

The rise of Spanish multinationals, the topic of this book, was written during the year Guillén spent in Madrid under the sponsorship of the Fundación Rafael del Pino, which is linked to the prominent family firm Ferrovial. Although it might seem at first glance to be a narrow subject for someone with the author's range of intellectual concerns, this is not necessarily the case. Spain has been a major recipient of foreign direct investment (FDI) since the mid-nineteenth century and has recently become one of the world's ten largest capital exporters. This expansion has been accompanied by a spectacular rise in living standards, a consequence of both the industrialization that occurred during the 1960s and 1970s and Spain's entry into the European Union in 1986. Since 1992, a variety of Spanish firms, such as Telefónica, Repsol YPF, Banco de

Santander, Mondragón, and Inditex, have achieved global prominence, especially in Latin America. There are about one thousand Spanish multinationals; most are as little known inside Spain as they are outside of its boundaries. Guillén explains how Spanish firms, particularly the more familiar ones, have become globalized after decades in an environment of backwardness and international isolation.

In addition to providing a systematic review of the literature on multinational investment, Guillén has written a profound, though opinionated, essay on Spain's social and economic development, analyzed the main weaknesses of Spanish multinationals, and outlined a research agenda for business historians who are interested in the internationalization of Spanish firms. He begins the book with a historical and theoretical introduction to the multinational enterprise and then traces the process that has led to the internationalization of Spanish firms. He evaluates the economic, financial, political, and social effects of globalization, makes prognoses, and puts forth proposals for the future development of Spanish multinational investment before summarizing his main conclusions. Since Guillén already examined the topic in *The Limits of Convergence: Globalization and Organizational Change in Argentina, South Korea, and Spain* (2001), readers familiar with that book will recognize here many of its case studies and arguments.

Guillén writes mainly about recent players in the changeover to internationalization: family-controlled and worker-owned firms, former state monopolies, and private banks. That he bases his account largely on records—official statistics, opinion surveys, accounts in periodicals, and personal interviews—drawn from the last ten or fifteen years will surely disappoint some business historians. Spanish firms have been drawn into the global market over a long period of time, and the process has entailed the accumulation of intangible assets, such as marketing, brands, organization, and has strengthened the ability of these firms to execute projects. Indeed, one of the book's strongest arguments is that the comparative advantage of Spanish multinationals has been their success in acquiring intangible assets. How did Spanish entrepreneurs, historically accustomed to operating in a protected domestic market and lacking proprietary technology, venture so successfully into the world market? Guillén cites two enabling factors: the increased competition from foreign multinationals entering the

Spanish market after 1986; and the process of restructuring, mergers, and privatization that took place across the world, beginning in the 1980s. That deregulation has proved to be an excellent school for Spanish firms is apparent from their successful entry into utilities and services in Latin America. Historical research can help to explain and chronicle the long and painful learning process that went into the internationalization of Spanish firms as they entered into long-lasting partnerships with foreign firms, forged new brands and identities, launched new technologies, and turned to the government to bail them out when they needed help.

Guillén's treatment of the broad impact of Spanish multinationals is an example of the sociologist (and academic adviser) at work. The internationalization of Spanish firms is, on the whole, a success story, strengthening the idea, increasingly popular among Spanish historians, that Spain has finally become a *normal* country. Defenders of the normalization paradigm claim that a democratic institutional framework, combined with a healthy economy, have resulted in a creative business community. Guillén praises the soundness of the Spanish financial system, which surpassed expectations in weathering the crisis that swept across Latin America a few years ago. He also praises the ability of both entrepreneurs and bureaucrats to adapt to diverse and competitive environments, and he points to the contributions of business schools (most of which operate outside the public higher-education system) and top managers. Of particular interest are his reflections on the mature reactions of labor unions and the public response to the emergence of Spanish multinationals. Alongside these positive reflections are hints that anticapitalism persists in Spain and reminders of the poor reputation that continues to cling to Spanish services and products. These caveats seem to contradict his earlier claim that intangible assets have facilitated the international expansion of Spanish firms. Another criticism is leveled at Spain's professional diplomats, who Guillén charges have done far less than the country's multinationals to enhance Spain as a world power.

Guillén does address some of the weaknesses of Spanish multinationals, particularly their lack of proprietary technology and their strong focus on Latin America. He advises them to consolidate their European positions through mergers and acquisitions and to expand further in North America and Asia. Although this book was

written two years ago, it is perhaps too soon for Spanish managers to have begun following Guillén's advice. Many firms are indeed trying hard to do so. But confidence (and accumulated advantages) in Latin America remain strong; mergers and acquisitions at the European level are limited by economic nationalism; and the rise of multinational firms based in emerging countries might be changing the rules of international investment. Spanish firms could then discover that being latecomers has its advantages.

Núria Puig is associate professor of economic and business history at the Universidad Complutense de Madrid, Spain. Among her research interests are economic transnational influences and the role of business groups and networks in twentieth-century Spain. She is currently engaged in a publicly funded research project on the internationalization of Spanish firms.