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The European Enterprise.
Has European Integration created a Specific Firm
apart from National and Global Enterprise?

EUROPEAN CHALLENGES AND OPPORTUNITIES:
THE ROLE OF EUROPE IN THE INTERNATIONALIZATION OF SPANISH FIRMS

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Abstract

This paper examines the role of Europe in the recent internationalization of Spanish firms. As in other countries of the European periphery, in Spain this process is inseparable from three major processes: the modernization of the Spanish economy, Spain's formal integration into the European Union (1986), and the second globalization wave. The fact that all this has taken place almost simultaneously has strongly affected the geography and patterns of internationalization of most Spanish firms. The paper analyses first the *passive* internationalization of the Spanish economy, where a few advanced European countries have historically been highly influential. Then it looks at the *active* and more recent internationalization of Spanish firms, identifying its main actors (former monopolies, banks, and family firms), markets (Latin America and Western Europe), and specialization (services and labor-intensive manufacturing). A multiple case analysis illustrates and helps to understand how the prospects and materialization of the European integration have shaped the internationalization of Spanish firms since the 1960s. The paper concludes that for Spain's most outward looking firms the EU has been as challenging (because it has exposed Spanish firms to foreign competition) as full of opportunities (because it has enlarged markets and made intra-European alliances and acquisitions easier). Yet our examination of both the overall process of internationalization and the strategies of 10 out of Spain's top 50 multinational firms does not indicate that Spanish firms have become more European (and less Spanish) as they have gone international. Most of our firms have kept much of their inherited corporate culture to strengthen their domestic leadership and globalize. This globalization bases on the opportunities created by privatization, economic development, technological progress, and scale across the world.

Introduction

The nation has been one of the most powerful shaping forces of entrepreneurial cultures during the industrial era. At country as well as at firm level, Europe provides abundant evidence about this. Geert Hofstede's much quoted work on IBM in Europe, for instance, deals with the persisting differences in management among countries. One does not need to be a professional researcher to see that the social prestige, requirements, and opportunities that surround a top manager's career differ substantially from country to country. Multinational corporations like IBM are for obvious reasons an excellent platform to look at such cultural differences. At the same time, however, the industrialization and globalization processes have been engines of convergence. New and more efficient techniques and management practices have spread across the continent for at least two centuries. In doing so, some of the national, culturally rooted differences have either faded away or become less visible. The debate that took place a few years ago on Americanization -and its limits- in Europe revealed the complexity of such counteracting forces. Another academic debate, the one on the universality of Chandler's model, has had similar effects. The ongoing process of globalization is giving rise to various debates on its impact -and limits- at the firm level.

The persistence and transformation of national entrepreneurial cultures can be explained to a large extent in purely economic terms. Yet the nation is primarily a political concept. And the firm, that is born and grows up within the cultural framework of a nation, has a social and political dimension that cannot be neglected. Since the end of the Second World War, and under America's initial inspiration, Europe is leading an unprecedented process of economic and political integration. Its acceleration in the past years has coincided with the end of the Cold War and the acceleration of the second globalization wave. This coincidence makes it difficult to identify the particular effects of the former and the latter. Has European integration created a specific firm apart from national and global enterprise- is the departing question of our session? It is clear that, for a particular firm, being European does not simply imply having the headquarters somewhere in Europe, but showing a way of doing things common to other Europe-based companies. Our paper deals with the particular experience of Spain, a country that modernized and joined the European Union relatively late. Thus, the coincidence of major, economic as well as political, events in the case of Spain is even greater than in most European nations. The Europeanization of Spanish firms is inseparable from their overall modernization and internationalization. This, along with our more mature research on the long-term influence of foreign firms in the Spanish entrepreneurial fabric, on the one side, and the recent internationalization of Spanish firms, on the other, explains our way to explore the issue.

Franco Amatori and Andrea Colli refer in their paper to distinct regional patterns of corporate ownership and governance. Spain, as Italy, belongs to the Latin model, where the state, family firms, and banks have historically been major players. Most Spanish multinational firms are indeed former monopolies, private banks, and family firms. The case of Spain presents, however, various particularities. For one thing, Spanish multinationals are a much more recent phenomena than French or Italian international firms. Moreover, as a relatively backward and inward-looking European nation, Spain has had to deal with a rather negative public image at least until the end of Franco's dictatorship (1975). All the more so Spanish firms and "made in Spain" products and services, unable to compete in quality and design with their Northern Europeans fellows and thus strongly domestic-market-minded. For most of the past decade, therefore, modernization and Europeanization have been practically identical in the eyes of the Spanish population and entrepreneurship. European products and services have been often looked at as modern and attractive. This modernization process, that has finally taken place in the last forty years or so, has accelerated after 1986, when Spain (having applied in 1970) became a member of the European Union. Not only has this country experienced impressive economic and social changes from 1986 to the present day, but it has enjoyed (for a limited period of time, it is true) the attention and predilection that foreign investors and consumers use to devote to emerging nations. Thus, Spain constitutes a particularly interesting case to evaluate the effects of European integration on the self-perception and strategy of national firms.

The paper is organized as follows. First, we provide a general overview of the macro- and microeconomic influence of foreign direct investment and international trade in the evolution of the Spanish economy. We call it Spain's passive internationalization. Second, we look at the country's relatively recent active internationalization, at macro and micro-level, identifying the main actors, markets, and sectors. Third, a multiple case study illustrates and helps understand how the prospects and materialization of the European integration have shaped the internationalization of Spanish firms since the 1960s.

1. Spain's economic and entrepreneurial modernization under foreign influence

Spain has been and remains a major host economy for international investment. Since the mid 19th century, the industrialization and modernization of Spain and Spanish firms has been strongly and positively influenced by foreign countries and firms. The 20th century provides consistent evidence about the strong dependence of Spain from more developed nations: at macro as well at as microeconomic level Spain stagnated or went backward when it closed itself to foreign trade and investments (1939-1959) and grew fast when it opened (from 1959 onwards). This reminds us two things: that Spain is a European (geographically as well as economically) peripheral country, yet that there have been substantial differences, rooted on economic policy, between this country and say Italy. A particularly relevant difference here is the absence of Spanish multinational firms until recent times. Thus the sort of internationalization that has prevailed for much of the industrial age in Spain has been passive.

Insert here Graphs 1.1 (The evolution of Spain's foreign trade, 1850-2004: Imports) and 1.2 (The evolution of Spain's foreign trade, 1850-2004: Exports)

Let us have a look at the graphs and tables to make this section short. Graphs 1.1 and 1.2 on the evolution of Spain's foreign trade show the persistence of a trade deficit, first, and, second, Spain's strong dependence from four countries: France, United Kingdom, Germany and the United States. The successive industrialization waves and political events and options explain much of the fluctuations of each country. The four of them explain some 80% of Spain's international trade since the 19^{th} century. The correlation between trade and FDI inward flows has been and remains tight. Graphs 1.3-1.8 illustrate the geography and distribution of incoming FDI in Spain since 1960 to the present. Note that the real share of France, Germany and the United States is actually higher, much of these investments being made through Switzerland and more recently through the Netherlands for tax and other reasons. Thus these three countries explain over 50% of FDI inward flows. The distribution of incoming FDI shows, on the one hand, the delay and intensity of the second industrial revolution (hence the high concentration of foreign capital in the chemical and to a lesser degree steel industries), and the diversification occurred since the 1980s. Any ranking of Spain's largest firms, finally, makes the hegemony of foreign capital and entrepreneurship in Spain clear. Except during the period of extreme economic nationalism known as autarky (1939-1959), Spanish big business has been dominated by foreign companies. Muñoz et al. (1978), Carreras et al. (1993, 1997), and Binda (2005) examine this issue for different periods of time.

Insert here Graphs 1.3 (Spain's FDI inward flows, 1960-2005) and 1.4-1.8 (Spain's FDI inward flows, distribution by sectors, 1962-1965, 1973-1977, 1979-1982, 1993-1996, 2000-05)

2. The internationalization of Spanish firms

1959 marks a turning point in the economic history of Spain. With the assistance of international economic organizations, the Spanish dictatorial regime gave up its self-sufficiency project and started to liberalize the economy. This was a requirement to enter the European Economic Community. It took Spain 16 years (1970-1986) to achieve this goal. Hesitant and contradictory as it might have been, the first steps of the liberalization opened Spain's economy, fuelled inward FDI, and put pressure on domestic firms. Just an indicator: the degree of openness (X+M/GDP) of the Spanish economy has evolved from 8.8% in 1960 to 26% in 1985 and 64% in 2002. A visible effect of the new economic policy was the arrival of foreign multinational firms, whose relevance and focus on the strategic sectors of the second industrialization wave have been already discussed. A far less visible consequence, though, was the transformation underwent by those Spanish companies that, having been born, grown up, or learnt to deal with economic nationalism, choose to cope with the new rules of the game, consolidate their position at the domestic market, and go international.

One of the most remarkable outcomes of Spain's delayed liberalization has been indeed the emergence of multinational Spanish firms, particularly after 1986, when Spain formally joined the European Union. Most of the firms that have been studied so far seem to have gone international gradually (export-commercial subsidiary-productive subsidiary by means of alliances or not, eventually through mergers and acquisitions, usually starting in culturally and psychologically close markets and eventually diversifying geographically as well as economically), but there are some recent examples of accelerated internationalization experiences (the so-called born globals). On the whole, international experience has mattered a lot. Dunning and Narula's IDP (Investment Development Path) seems thus appropriate as a tool to examine Spain's recent internationalization. FDI is according to the above mentioned authors a many-sided process that involves learning. Developing countries that start as pure recipients of FDI might evolve in such a way that they (their firms) end up, through various stages by investing abroad. The process involves a tight and dynamic relationship between exports and FDI. Durán has consistently examined the Spanish case from this perspective. We have not only updated his data, but also added our historical and firm-based approach.

Insert here Graph 2.1 (Spain's FDI inward and outward flows, 1975-2005)

The historical significance of Spain's active internationalization at firm level is shown by graph 2.1. Membership into the EU fuelled inward but also outward FDI. Inward flows outpaced outward flows for a decade. Since the late 1990s, however, this trend reversed and, for the first time in its modern history, Spain exported more capital than it imported. With the ups and downs characteristic of this proxy, the trend has continued. Remember that we are focusing on direct investment. Portfolio investment did also boomed after 1986 and plays a relevant role in Spanish business, for example in the Madrid stock-exchange.

Insert here Graph 2.2 (100 largest Spanish multinational firms 2005)

Graphs and tables 2.2.-2.5. help us to identify the main actors as well as the geographic and sectoral focus of this internationalization process from its very beginning in the early 1960s to the present day. There is little doubt about the identity of Spain's most international companies (graph 2.2.): former public or private monopolies and state-owned firms, bancs, and industrial family firms. Along with foreign multinational firms, these are the main characters in Spanish business. Let us shift our attention to the geography of Spanish outward direct investment (graph 2.3.). Western Europe and Latin America are its domain. Whereas physical closeness explains the former, culture (language and social know how) plus the opportunities brought about by massive privatization in the 1990s explain the latter. The interest of Spanish capitalists in Eastern Europe and Asia is rather weak. In spite of the usefulness of the accumulated experience as Spanish firms had to make the transit from a very protected, non-competitive environment to a competitive economy. The United States, instead, are getting more attention, with Mexico as a sort of platform. Graphs 2.4. and 2.5. inform us about the evolution of Spanish outward FDI by geographic areas and sectors. What stands out is the strong industrial profile of FDI in Europe as compared with the more service-oriented profile of Latin American investment.

Insert here Graphs 2.3 (Spain's outward flows: distribution by countries), 2.4 (Spain's outward flows: distribution by regions) and 2.5 (Spain's outward flows: sectoral distribution)

However rough and impressionistic, these graphs allow us to establish a chronology of Spanish outward FDI flows. From the early 1960s to 1974 there was a tentative period where Spanish private, mostly family-owned firms explored close markets either in Western Europe or to a lesser degree in Latin America. Note that those firms with foreign links and partners had a comparative advantage. The interest for Europe intensified from the mid 1970s through the mid 1980s due to the prospects of membership into the European Community after Franco's death in 1975. Spain's technological backwardness, the lack of commercial networks, and the poor reputation of "made in Spain" products and services were powerful disadvantages. The impressive development of mass tourism, Spain's smooth political transition, and last but not least the 1982 football world championship helped overcome them. 1986 inevitably marked the start of a new era. The influence of the 1992 olympic games held in Barcelona in the improvement of Spain's economic and corporate reputation is undeniable. Yet the watchword of the 1990s was privatization. And the big opportunities arose in Latin America, not in Europe. In addition, the lower development stage of most Latin American countries made this continent the favourite place for Spanish investors to operate. Spain became the region's second direct investor after the United States and, as stated, outward FDI flows soared. The focus of Spanish firms on utilities and financial services is explained by the business opportunities created by privatization. One should not ignore, though, other fields opened to Spain-based companies, such as engineering. That concentration is risky became obvious by the turn of the century, as Argentina collapsed, financial crisis mushroomed, and populism threatened liberal democracy. Spanish capital turned its attention towards Western Europe, its natural domain, and increasingly to Eastern Europe and Asia. As we write this, the largest investors in Latin America (Telefónica, Santander, Respsol, BBVA, and Endesa) have just announced the start of a second wave of direct investments in this region. Nowadays, the focus of Spanish investment is in urban services, construction, real estate, and engineering. Whereas emerging markets are extremely attractive for firms with accumulated experience in the transit from an intervened economy to a market economy, mature markets are the locus for high technology. Within the European Union we find both. And deregulation keeps on creating new opportunities.

The process is thus underway and could experience important changes at firm, country, region, and sector level in the years to come. In order to understand how it has affected individual firms so far, the key concepts are adaptation and learning. Some authors emphasize the role played by intangible assets or intellectual capital. Durán divides it into technological, commercial, and managerial capital (Durán 2005). The characteristics of the recipients markets (developing vs. developed) and localization advantages have of course determined the importance of each type of asset. In addition, product and geographical diversification, cultural proximity and the strategic relevance of international operations have influenced on companies structure and organization. In our ongoing research project on the internationalization of Spanish firms we try to combine broad descriptions and observations with in-depth analysis at firm level. We have thus designed a multiple case study on which we still need to work but that we have nevertheless summarized in the next section.

3. A multiple case study

The aim of our multiple case study research is to understand how the European challenge has been met, and whether or to what extent it has encouraged the rise of more European-oriented and European-minded firms in Spain. We have selected 10 out of Spain's 50 largest multinational firms (by chronological order: Santander, Aceralia, Puig, Telefónica, Esteve, Agrolimen, Abengoa, Endesa, Inditex, and NH) and then examined their internationalization and the particular impact of the European Union on them.

Insert here Table 3 (The internationalization of Spanish firms: A multiple case study)

The sample includes various types of firms: old and new; incorporated and not incorporated; former monopolies; family owned and managed or not. Moreover, our firms represent very different sectors and patterns of internationalization. As shown by Table 3, we have focused on their main foreign influences, internationalization strategies, foreign markets, EU's impact, corporate identity, and management structure and style. Before discussing that table, let us have a look at their particular development.

Case 1. Santander

Founded in 1857, the Banco de Santander has lead in the last decades a concentration process in Spanish banking. Focused on commercial banking, it is formed by three other banks: Central, Hispano Americano and Español de Crédito. The Group operates in five continents, has over 10,000 offices and employs around 126,000 people. With a turnover of nearly 6,000 million euro, it is only surpassed by ING Direct in the Euro-zone. Santander's internationalization began early, focusing on Latin America. This is understandable: a large number of Spanish emigrants came from the Santander area (in Northern Spain), and ours was at that time a rather regional bank. In the 1950s, Santander established a specific department, opening offices in Mexico, Argentina, Venezuela, and Cuba. Other branches would follow across the continent. The next step was the United States, where an alliance with the Bank of America (1966) lead to the creation of Bankinter and the first office in New York. Then came the Middle-East in the 1970s and Asia (China, Taiwan and Hong-Kong) in the 1990s. In contrast, Santander's position in Europe was weak: before 1986 there were offices only in London, Paris, Frankfurt, and Geneva.

The impact of the EU has been huge for Spanish banking. It was actually the moving force of the concentration process that has changed Spain's traditional status quo. Two banks, Santander and BBVA, have come to dominate the domestic market. Santander led three important mergers: Hispano- Americano (1991), Banesto (1994), and Central (1999). Energetically managed by Emilio Botín (member of the third generation of the founding family), the bank had previously acquired the Banca Catalana (1984) and Banco de Murcia (1986). European integration explains as well some recent strategic alliances and mergers: with the Royal Bank of Scotland (1989), the German CC-Bank, and Abbey National Bank. There might be a cultural explanation for Santander's British affections: the port of Santander has been the natural link between Castile and Atlantic Europe. The bank is currently focusing its efforts on the North-American market. Santander's remarkable growth has made its ownership structure more complex. With over two million shareholders, its board of directors includes members of the founding families of the Central and Hispano banks, along with representatives of major shareholders such as Chase Manhattan, Mutua Madrileña Automovilista, and Assicurazioni Generali. Yet the Botín family plays the leading role (two of the president's children head Bankinter and Banesto).

The bank defines itself as a multilocal group, which combines a particular business model with the best local management, balanced between Europe and Latin America, and strongly focused on commercial banking. Its proclaimed corporate values are dynamism, strength, innovation, and leadership. Santander is proud to have pioneered the introduction in Spain of advanced accounting and electronic payment techniques. As most Spanish banks, Santander offers extensive training programs and social advantages to its employees (including early retirement, a strategy widely and controversially displayed to manage the human dimension of the mergers). In its advertising and internationalization strategy, Spain's leading bank is more a globalizing than a European firm.

Case 2. Aceralia

Until 2000, Aceralia Corporación Siderúrgica, one of the founding firms of the trans-European corporation Arcelor (now on the verge of being acquired by Mittal), was Spain's leading steel manufacturer. The result of a merger between a private (Altos Hornos de Vizcaya) and a public (Ensidesa), Aceralia embodies the history of the Spanish steel industry. The merger took place between 1994 and 1997 under converging pressures: world wide competition, Spain's low competitiveness, and privatization of large state-owned firms. The process of privatisation of

Aceralia includes its strategic alliance with Arbed Group, one of the world's leading steel companies, and the subsequent acquisition of the leading Spanish manufacturer of steel sections, Aristrain, and the leading manufacturer of rebars and wire rod, Ucin. Aceralia emerged as the largest steel manufacturer in Spain, with an output of almost 10 million tons. Arcelor was created in 2001-2002 as these three European merged to create a global leader in the steel industry. Arcelor is listed on several stock exchanges.

Aceralis's internationalization is inseparable from the impact of the EU. The public-owned Ensidesa had made significant efforts in the 1980s to expand its commercial network and make some acquisitions across Latin America. These efforts, however, were overshadowed and finally frustrated by the severe crisis that the firm and the industry as a whole faced at home. Since the early 1970s, Ensidesa's managers were worried about the concurrence of European manufacturers. A re-organization of the Spanish steel industry followed once Spain joined the EU in 1986. Soon after came negotiations with Usinor-Sacilor and a privatization plan aimed to make the Spanish iron and steel industry more competitive within Europe. The steps have been already mentioned. Both Arbed and Aristrain had strong commercial networks. Merging was therefore a way to go international. Initially at European scale: 77.5% of turnover and 80% of employees in mid 1990s were European. Then (and now) at a global scale.

For Aceralia, the Pan-European merge meant loosing control of the firm. Arcelor's current ownership structure reflects its multinational character. And the headquarters are in Luxembourg. Arcelor presents itself as a European Corporation operating in four key markets (automotive industry, construction, household appliances, packaging and general industry), each of them managed respectively by a French, Spanish, and (2) Luxembourger CEO. In a sense, the firm has become a metaphor of the European Union: a giant with several heads (and time-consuming decision-making). Inevitably, Arcelor's massive advertising is increasingly focused on sustainable development and its contribution to a better world. That Aceralia stopped being a Spanish firm to become a European multinational is reasonable and consistent with the European construction. Yet steel is a commodity. Similar mergers between manufacturers of final, branded products are proving far more complex.

Case 3: Puig

Founded in 1914 by Antonio Puig as a representative of perfume foreign brands, the firm has evolved into a global manufacturing company, the Puig Beauty & Fashion Group. It ranks 10th in Europe and 28th worldwide in the so-called beauty industry. Family owned and managed (the third generation has recently taken over). Puig's sales (900 million euro in 2003) are distributed as follows: Spain 45%, rest of Europe 28%, America 17%, other 10%. The group consists of 40 subsidiaries across 24 countries and 10 perfume and 3 fashion manufacturing centers. Puig has lead a remarkable process of concentration in Spain by acquiring Perfumería Gal (Spanish perfume leading firm during the first half of the past century) in 1990 and Myrurgia (Spanish perfume leading firm from the 1950s through the 1970s) in 2000. Most Spanish successful brands (some of them linked to fashion designers) have thus come under the aegis of this family firm.

The process of internationalization of Puig has been rather classic. The firm strengthened its position in the domestic market before going international. Note that both the perfume and fashion industries (along the 20th century the former has become subordinated to the latter) are built on brands. And brands (plus the values and images associated to them) have historically been created by firms of rich (i.e. modern and attractive) countries. For Spanish perfumers it was therefore a challenge to launch such brands. Creating its own exportable identity from the 1960s ownwards was in fact the achievement of the second generation. It was based on industrial design and the Mediterranean (*Agua Brava* 1968, *Azur de Puig* 1968, *Quorum* 1981), not on the public image of the at the time not exactly modern Spain. Moreover, Puig focused on the “difficult” markets of the United States (1959) and France (1968), as opposed to the traditional focus of Spanish perfumers on Latin America. The European expansion of Puig was supported by a joint-venture with the French (of Spanish origins) fashion designer Paco Rabanne. Few people knew at that time that a Spanish firm created and manufactured the perfumes of this amazing, provocative designer. But Rabanne became an excellent platform to explore the French, European, and American markets. Puig’s experience as representative of foreign brands also helped. The firm has been linked for instance for a long time with the German manufacturer of *4711*. Lately the process of internationalization has accelerated by means of acquisitions (the French firm Nina Ricci in 1998), commercial agreements (Comme des Garçons Parfums 2004) and joint-ventures (Carolina Herrera in 1988, the Italian firm Prada in 2005). Note that, following a universal and unstoppable trend started by Coco Chanel in 1921, fashion (and lately also stars) has overshadowed perfume as the ultimate generator of images and brands. Spain’s membership into the EU has had an obvious effect on Puig. It has forced it to grow both in Spain and in Europe. The already mentioned acquisitions are rational responses to the European challenge. Yet the European perfume market remains very fragmented (culture, weather and tastes playing an important role in the persistent differences within the continent), and perfumers have to adapt. But internationalization is always about adaptation. And one could argue that in such an image-dependent trade Spain’s membership into the EU (which brought about an impressive process of economic growth and social modernization) helped the country and its brands become fashionable at least until the 1990s. Tourism (most of Spanish over 50 million tourists are EU citizens) also played a role.

Puig’s recent impressive growth has not altered its ownership structure. The firm remains in the hands of the family (4 sons of Antonio Puig as the second generation and 14 grandchildren as the third). The second, professionally managed, succession process is under way. The organizacional structure, however, has changed substantially. A global group has emerged out of a Spanish firm, Antonio Puig SA. Under the second generation, Puig established a rather informal though highly effective organization called later “team at the top” (meaning a clear division of labor among the 4 brothers). As the group grew, it adopted a multidivisional structure, but the team at the top kept most of the executive functions. In 2002 the group (launched as the Puig Beauty & Fashion Group) underwent a complete reorganization: the previous, geographically based multidivisional structure (French brands, American brands, international markets, and Spanish market) was replaced by more conceptual divisions (fashion, prestige beauty brands, fragrances and personal care), and a professional manager became CEO first and then president as a new “team at the top” consisting of two cousins of the third generation took charge.

Image is an essential part of the beauty and fashion trade. Since Puig started to manufacture its own brands (*Agua Lavanda Puig* 1940) and particularly since it started to export, the firm focused its efforts on looking modern and advertise. Up to the 1980s, however, the firm addressed the domestic and the international markets with distinct brands and advertising. The reason was the economic, social and thus aesthetic gap between Spain and France and the United States. The double strategy worked. Since the 1980s, however, Spain’s development and European integration, on the one side, and events such as the World Football Championship (1982) and Olympic Games (1992) that took place in Spain made it easier for Spanish brands to cross borders. Globalization explains the rest of the story. Throughout this long journey, Puig’s advertising policy has been fairly pragmatic. The problem of Spain’s basic lack of glamour was cleverly solved by focusing on the Mediterranean (since the early 1980s Puig sponsors the sailing race Copa del Rey, where various members of the Spanish royal family take part) and linking itself to the Spanish-speaking yet Paris- and New York-based fashion designers Paco Rabanne and Carolina Herrera. We should also mention that collective action has been extremely important to conquer and modernize the Spanish market from the 1920s onwards. Puig has indeed played a relevant role in Stanpa (the Spanish association of perfume manufacturers), Colipa (the European association), and the Spanish and European family firm institutes. Also in this area, thus, the EU has had a positive impact on Puig. The firm, however, does not consider itself a European firms as much as it is a global group. Once more, internationalization, Europeanization, and globalization are inextricably linked.

Case 4: Telefónica

Telefónica is one of the few (5) Spanish firms included in *Fortune* list of main global players in 2002. In fact, it is Spanish second largest multinational firm. Established in 1924 by the *International Telephone and Telegraph* and the Spanish banks Urquijo and Hispano Americano, Telefónica was nationalized in 1945, although the technical and managerial control of the American firm was remarkable well into the 1960s. Since then, the company looked for new equipment suppliers and partners (Ericcson, Telettra Spa, General Cable and Marconi-

Standard), although it never obtained substantive results as telecommunication-equipment manufacturer. Established as a natural monopole, technological progress reverted, as in other countries, to a progressively liberalization process since the end of the 1980s. However, competence did not really arrived until mid 1990s, when second licenses for mobile and fixed telephone were granted. That process of liberalization coincided also with the slow privatization of the firm (1988-1997), as the State had been the most significant shareholder until then (although the company has remained as a private firm). In fact, it was not until 1991 that the old contract between the State and the company, signed in 1946 after the nationalization, was revised and modified. Nowadays, Telefónica is mainly owned by Spanish and US banks: BBVA (6,636%), La Caixa (5%), Citibank (4,66%), Chase Manhattan Bank (9,9%), and the State Street Bank & Co (7,61%). In sum, it has more than one million shareholders.

The internationalization take off of Telefónica dated also from the late 1980s, when company shares began to quote in main foreign exchange markets and its international branch (Telefónica Internacional SA, TISA) was established. These first steps allowed the company to generate solid intangible assets that sustained its later expansion abroad: useful advice about potential new foreign markets, learning how to manage large and global investments, and getting contact with new market segments little exploited in the local one, such as cable television. All supported by a still privileged position in the Spanish market. The internationalization process, very much focused on Latin America, accelerated in the 1990s, as the Spanish operator seized the opportunities created by the privatizations of telecommunications in Chile, Argentina, Venezuela, and Puerto Rico. Cultural and linguistic similarities, experience on deregulation processes, as well as other European and US companies' reserve to invest in these high country-risk markets, facilitated Telefónica expansion. Precisely the discretionary decisions of some of these governments have proved to be a critical point in company internationalization. Later on, the firm has acquired firms and licences in Rumania, Portugal, Brazil, Mexico, United States, Germany, Italy, Switzerland, Austria, Morocco, the Netherlands, and Spain, as it diversified. It's more important last acquisitions are in the United Kingdom (O2) and China (China Network Corp). In the last three years, only 60% of Telefónica's revenues come from Spain (60%), its main foreign markets being Brasil, Perú, Chile and Argentina. It operates throughout 40 countries. In addition, it is founder member of several international consortiums which provide satellite communications (Eutelsat, Intersat and Inmarsat). EU's most clear impact comes from the deregulation of telecommunications. Since 1992, European Commission efforts have been oriented to technical standardisation and carrying out projects of common interest. That process –and the increasing competence originated– has facilitated also strategic alliances with other European operators, as technological progress had been fostering before.

Telefónica is nowadays a leading and diversified group of 16 firms. According to its business lines, the corporation is organised in two firms operating in fixed telephone and broadband

(Telefónica de España y Telefónica Internacional) and two in the mobile segment (Telefónica Móviles and the British O2, acquired by the group in 2005). There is in addition one firm of telephone customer assistance (Atento) and several supporting companies (administratively, as T-Gestiona and Telefónica Contenidos, and technologically, as Telefónica I+D). Lastly, the company has its own foundation (Fundación Telefónica) which sponsors projects related to arts, telecommunications history and, more recently, economic development in less advanced countries. The multinational, however, has built its identity on its historically strong position in the Spanish market (where the masterbrand is rooted), and its newer, more customer-close brands such as Movistar. The Board of Directors and the Executive Committee –in addition to more specific commissions– designed, as have always been along company's history, group strategy. The company defines itself as "a multidomestic firm in the globalization age". Multidomestic because it has internationalized acquiring existing operators in the countries of destination in close contact with local political elites –what has rised strong criticism along certain social local groups–. The group has also developed an "Integrated Model of Corporate Reputation" –extendible also to suppliers– based on a high quality service, innovation and management's transparency, responsibility and compromise. The group have fixed 2008 as the date to achieve "Telefónica's Excellency".

Case 5: Esteve

Founded in 1929 by the pharmacist Dr. Antoni Esteve, Esteve is one of the few pharmaceutical Spanish firms (all of them family owned and managed) that have become global. The third generation Esteve has just taken over. The group is formed by five companies (EQ Esteve, Pensa Esteve, Veterinaria Esteve, OTC Esteve, and Isdin), with 3 manufacturing plants in Spain, 1 in Portugal, 1 in Italy, 2 in Mexico, and 1 in China. With a turnover of nearly 900 million euro (70% specialties, 30% fine chemicals) and with exports amounting to some 30% of total sales, Esteve employs circa 2,500 people (300 in the R&D area). Esteve is therefore a medium-sized, family owned and managed, global company.

As many high tech family firms, Esteve has gone international by identifying world market niches, making a remarkable research effort, establishing commercial or technological agreements and more recently strategic (co-development and co-marketing) alliances with various multinational partners. Exports have preceded direct investment. The turning points for Esteve were 1954 (first time Esteve exports Antihaeamoragic 101), 1960s (agreement with Paul Janssen which allows the commercialization under license of cinacirine), late 1980s (increasing export activity supported by commercial subsidiaries as a result of UE's membership), and 1990s to the present (internationalization through international ventures in EU, Mexico and China within the framework of globalization; international strategic alliances, most with US partners, as a response to the ongoing biotechnological revolution). The European impact is visible in Esteve's R&D strategy and markets (note that national regulations do still determine the long and demanding processes of authorization and commercialization of drugs at

European scale). Spain's membership into the EU meant the transition from a product patent system to a process patent system: a fundamental (though progressive, 1986-1992) change inasmuch as it put an end to imitation, the most spread growth strategy among Spanish firms. A concentration process followed, in which only firms with research capabilities could survive. Esteve's first move in Europe was the establishment of a veterinary subsidiary in Italy.

Esteve is wholly owned by the family. The third generation has recently taken over. Dr. Josep Esteve joined the firm in 1953 and has been until 2000 its moving force. The second succession process (assisted by professionals) was completed last summer: The second generation (Josep, two siblings and a professional manager) has stepped down, whereas two of Josep's sons have assumed executive positions. The firm adopted the M firm long ago as a response to growth and group building. Esteve's public image is built on the usual values: reliability, dynamism, and internationalism. Much of this public image, however, is determined by its being a Catalan family firm (the family motto being "God, family, and Catalonia") devoted to the manufacture of drugs (in the corporate web, in Spanish, Catalan, and English, we read about human health, social well being, and sustainable development). The firm's stress on excellence, cooperation, and value are intended to appeal potential partners all over the world. Yet there are no references to its being a European firm. Esteve's corporate identity is very much influenced by what they call a symbiosis firm-family. The firm is proud of its work environment (several prizes, like best European company to work for), career development possibilities, and low rotation level. And the family is obviously proud of its group. As most Spanish family firms that have become multinationals, indeed, Esteve has played a major role in the modernization of collective action Esteve helped found in 1963 and has been later (1975-1977, 1987-1989) president of Farmaindustria (Spanish pharma effective lobby). He has also been a founding member of the Spanish family firm lobby IEF (Instituto de la Empresa Familiar). Josep Esteve engaged in Catalan and Spanish scientific policy and academia as well. Esteve, to sum up, is a globalized and efficient family firm that has seized the opportunities offered by EU's membership (more markets, investment opportunities, potential partners). So far, however, the firm is primarily US-oriented (because of US's clear research advantages in this very field) and China-oriented (because of market size and potential growth).

Case 6: Agrolimen

Agrolimen's best known brand, Gallina Blanca, was born in 1937. Its founder was a young Catalan pharmacist, Lluís Carulla, who quickly understood the importance of processed food in hungry-stricken Spain: he was indeed the introducer of meat soup in civil war Spain. It took Carulla some fifty years and a remarkable learning process hand in hand with American partners to become one of the first Spanish firms to operate in the Chinese market and go global. Agrolimen's growth has based on innovation, brands, and advertising that meet people's changing demands. We are talking about Spanish leading ready-to-eat food and Europe's third pet-food manufacturer. It has also a strong position in Spanish fast-food restaurants. The story of Agrolimen goes hand in hand with Spain's economic and social development. More technically, three strategies explain this successful evolution: vertical integration, diversification and American technological assistance. It was in partnership with American Arbor Acres Farm, Ralston Purina, Borden, and Arbora that Gallina Blanca Avícola, Gallina Blanca Purina, and Arbora were created. The group includes today firms and brands such as Avecrem, El Pavo, Jumbo, Biocentury, Mont-Ferrant, Affinity, Eat Out, Pans & Company, Bocatta, Fresh & Ready, Fresh Co., Caffé di Fiore, Lonja dos Sopas, Tampax, and Ausonia (both in partnership with Procter & Gamble). Agrolimen ownes 22 factories (including China, Ucrania, and Russia) and 451 restaurants, operates in 80 countries, and gives employment to 6,500 people. Its main brand, Gallina Blanca, ranks third in the world soup market and holds a share of 70% of the Spanish market.

The conquest of a fast growing domestic market preceded therefore Agrolimen's internationalization. This took place in the 1980s. The EU meant a larger market, but did not imply a significant change in the firm's strategy, which was clearly global and focused on emerging countries where the accumulated experience in Spain could be particularly useful. Only on more specialized and expensive products, like dietetic and pet-food products, as well as fast-food restaurants, the European market is potentially becoming more significant. The EU's recent anti-monopoly policy has given the Spanish group a golden opportunity: the acquisition of a few brands from Royal Canin.

Agrolimen is owned and managed by the second generation of the Carulla family. The founder's six sons keep most of the executive positions in addition to 70% of the groups' capital. The rest belongs to the Dutch insurance companies Merimare Investments and Venelpark BV. The group keeps on making strategic alliances with foreign groups in order to innovate (products as well as processes). Advertising and public image is reasonably focused on brands. The group presents itself as a reliable, innovative, and adaptive company, highly professionalized, and committed to the healthy nutrition habits of both human beings and pets. Interestingly, the Carulla family has actively promoted the Catalan culture through a specific foundation. Agrolimen is thus a global family firm technologically oriented towards America and commercially oriented towards Asia and European markets. It is above all a fantastic example of internationalization.

Case 7: Abengoa

Abengoa is a leading engineering firm owned by the Benjumea family since its establishment in post-war Spain. Originally focused on electrical appliances and facilities, the firm grew exponentially by assisting the modernization of the national railways network. Its internationalization has been remarkable since the 1980s, as the firm has diversified and consolidated itself as a major producer of bioetanol (1st in the European and 5th in the American market) and builder of bioetanol plants. Even though much of the company's reputation and revenue comes from classical engineering, Abengoa is achieving important goals in new engineering activities, such as disposal of industrial wastes, environmental engineering, and information technologies. It is here that the projects with more potential growth in the international market arise. It is interesting that Abengoa's main markets for traditional engineering are in Asia and Latin America, whereas the markets for more advanced engineering are in the United States and Europe.

This growth has led the founding and managing family (the second generation is still in charge of the group) to create a holding along the lines of its major areas: industrial engineering (Abeinsa, 46% of turnover in 2005), ennvironmental services (Befesa, 19%), information technologies (Telvent, 15%), bioenergy (Abengoa bioenergy, 20%), and sun energy (still 0%). As most Spanish multinational firms, Abengoa learned from foreign partners. Not only did Javier Benjumea senior, a well-connected engineer, associated with the American firm 3M in the 1950s, but he also worked in partnership with Lummus, Gulf Oil, and Westinghouse during the 1960s and 1970s. It was in the 1980s that Abengoa focused on engineering in three major areas: nuclear energy, electronics, and environmental engineering and accelerated its internationalization, so that around 50% of the business takes place outside Spain in circa 70 countries. As other Spanish engineering multinationals, Abengoa focused initially in Latin America yet paid increasing attention to Europe and the United States. The company explains this reorientation more in terms of technological progress and globalization than in terms of European integration. It is clear, however, that Spain's full access into the European Union created additional business opportunities for Spanish engineering (new markets, new infrastructures, and last but not least in a service provider, more confidence). Abengoa's industrial headquarters expand presently throughout Latin America (Venezuela, Brazil, Uruguay, Mexico, Peru, Chile, Puerto Rico, Paraguay), Europe (France, Portugal, Belgium), Africa (Morocco), United States, and Asia (China, India, Thailand). To enter some of these markets, Abengoa has gone into joint ventures and strategic alliances. Otherwise, the firm relies on subsidiaries and acquisitions.

The Benjumea family still owns and manages the group along with other founding families such as Aya Abaurre, Solís Atienza, and Sundheim. Various international banks and insurers hold significant shares. Being a family firm, however, does not play a major role in Abengoa's corporate culture, which still keeps much of the social catholic flavour of Benjumea senior. This is shown in the firm's stress on trust, honesty, and cooperation, its active involvement in vocational training programs, and its strong links to the Jesuits' University Comillas as supplier of professionals. The facts that Abengoa's internationalization has built on its own expertise and reputation, that the firm was associated with American firms, and that their markets are all over the world leads us to conclude that the EU's impact is not particularly relevant.

Case 8: Endesa

Formerly a state-owned firm, Endesa was founded in 1944. Unlike most European countries, Spain did not nationalize the generation and distribution of electrical power, so that Endesa had to compete with a few private companies. Endesa's growth accelerated between 1983 and 1988. The state owned holding INI (Instituto Nacional de Industria), where Endesa belonged, was re-organized, as the Spanish economy adapted to the requirements of the European Union and new rules of the game were designed for the electrical sector. Endesa grew by absorbing other public electrical firms such as Enher, Gesa, Unelco, and Encasur. The privatization of Endesa took place progressively between 1988 and 1998. At the same time, Endesa lead a major process of concentration and diversification that included the acquisition of Fecsa and Sevillana de Electricidad and the launching of the second largest telephone operator in Spain, Retevision.

Endesa's internationalization was parallel to its privatization and domestic growth. The firm has nowadays subsidiaries in 10 countries and 3 continents (Italy, France, Portugal, Morocco, Chile, Argentina, Brazil, Colombia, Dominican Republic, and Perú). 48% of its assets are out of Spain, and the international electric business represents more than 39% of its turnover. Endesa started to go international in 1992, when it decided to acquire shares the Argentinian Yacylec and Edenor. After that, the Spanish firm kept on growing all over Latin America, so as to control more than 20 companies and employ about 13,000 people. The main reason for Endesa to internationalize was the impossibility to grow in the Spanish market. As in the case of Telefónica, the privatization of many Latin-American state-owned firms, along with its accumulated experience as a formerly state-owned firm, provided an opportunity that a new generation of aggressive managers did not hesitate to seize. Endesa's European expansion came later, under the influence of the EU's electricity market liberalization of 2000. The Spanish firm made relevant acquisitions in France, Portugal, and above all Italy. A turning point in this process was the firm's participation in the European pool ENDEX in 1999. The most important operation so far has been the Italian Elettrogen (now Endesa Italia). This preference for Latin (whether American or European) countries might have a cultural explanation: the privatization of utilities was and remains a highly political issue that requires specific know how. Experts, however, point at the timing and opportunity of the deals.

As a consequence of the increasing liberalization of the (strongly oligopolistic) Spanish electricity market, Endesa has become an intensive advertiser. There the Spanish based firm presents itself as a global firm, customer-oriented, socially responsible, environmentally friendly, efficient, and innovative. As many of the largest international Spanish firms, Endesa has grown more cautious in Latin America and is trying to strengthen its position in Europe. This is however more a rational strategy of geographic diversification as well as a way to avoid hostile take-overs from European firms (as the one recently announced by the German conglomerate E-On).

Case 9: Inditex

The origins of Inditex go back to 1963. Its founder, owner and chairman, Amancio Ortega, started to manufacture housecoats in Arteixo, near A Coruña (Spain). The business grew steadily throughout the decade to include several manufacturing centres distributing products to various European countries. In 1973, Zara was born and in 1975 the fist store opened in A Coruña. Since that date, the history of Inditex is the history of a continuous success. The Zara fashion concept worked well and stores mushroomed in Spain. The sustained growth of the young firm lead its managers to create Inditex (the head of the group) and to develop a logistic system very much inspired in the Japanese just-in-time model. Zara's internationalization started in 1988, as s store in Porto, Portugal, opened. In less than 20 years, the firm has expanded through 62 countries. Diversification run parallel. Inditex includes the firms (and brands) Pull & Bear (1991), Massimo Dutti (1991), Bershka (1998), Stradivarius (1999), Oysho's (2001), Zara Home (2003), and Kiddy's Club (2004). With a turnover of 5624 million euro and a net income of 628 million euro, the group employs more than 47,000 workers throughout 2,200 stores and 2 logistic centers in Arteixo and Zaragoza. Even if it went public in 2001 and is listed on the Madrid stock market, Inditex remains in the hands of the Ortega family. The group turns around Amancio Ortega, who runs it in a very personalistic way.

The internationalization of Inditex has based on its *multi-brand* model (except in France, the United States, and Britain, all the brands have their own stores in every country) and easily recognizable stores. Joint-ventures and franchises are the option in markets that are either difficult or risky. How has the European Union affected Inditex's internationalization strategy? It has obviously helped to enlarge the European market, but Inditex bases on its own competitive advantages, which are closely linked to its organizational structure, widely analyzed at business schools across the world. Analysts seem particularly fascinated by Inditex's flexible production model, a mix of just in time, vertical integration, real time communication, autonomous decision making, and multi-brand strategy. Inditex's advertising has also a point, since there is no advertising other than its (strategically placed) stores. What makes Inditex, above all Zara, so special, however, is its collections, renewed every 15 days so that customers feel they have to buy right now. Does Inditex understand itself as a Spanish, European, or global firm? As Zara's collections, this Spanish fashion group that designs in Spain, manufactures mainly in Spain and nearby countries such as Portugal and Marocco, and sells worldwide, likes to think of itself as a global corporation.

Case 10: NH Hotels

Originally a family firm (founded by Antonio Catalán senior in post-war Spain and then wholly modernized and re-founded in 1981 by his son Antonio Catalán junior, who sold it later to its partners and a group of venture capitalists to create a new firm, AC), the NH group (N for Nuevo, new, and H for Hotel) currently ranks third in the European ranking for business hotels and is listed on the Madrid (Ibex35) and Amsterdam (Euronext) stock-exchanges. It has around 300 hotels with some 40,000 rooms in 20 countries in Europe, Latin America and Africa. NH is a member of Stoxx Europe 600 (best European companies).

NH is by far the most European of the Spanish hotel chains. The internationalization strategy of the group has been traditional yet fast: first a particular style of hotel management and design was created on Spanish soil, then the firm went international by acquiring urban hotels in several countries. The acquisition of two Dutch and German hotel chains, and now the Italian Framon, explains the European focus of the group. According to the most recent available data, HN business is geographically distributed as follows (% of total number of rooms): Spain (36), Germany (25), Netherlands (15), Mexico (8), Italy (4). 90% of the hotels are business-oriented, only 10% so called holiday-oriented. The group owns an upmarket real estate firm, Sotogrande. The management is fairly international, with the Italian Gabriele Burgio as president. NH's ownership is distributed among Inditex's owner, the Ortega family (10%), several banks and saving banks (Caja Madrid 8%, Bancaja 6%, Ibercaja 5%, Deutsche Bank 4,8% (down from 7,5%), Kutxa 3,5%), the directors' team (4%), and the stock market (65%). Under Antonio Catalán, NH was very personally managed. As the number of hotels grew, the firm became more professionalized and adopted a multinational and -divisional structure. NH's current plans aim at diversification (the market for business hotels is getting tough and the group wants to increase its activity in the holiday market) and organic growth (by establishing new hotels instead of acquiring hotel chains).

The success of NH under Catalán consisted of creating a strong brand. Indeed, it did not take long for the Spanish public to associate NH with a modern, functional, standardized, comfortable, urban and reasonably priced (within each category) hotel. That is, a business hotel, a market segment Spanish hotels (grown up in the mass tourism sector) had apparently not been interested in. Moreover, the hotel developed a motto: "Eye for detail". The original identity, shaped by his founder in a fast modernizing Spain, has remained essentially the same as the brand has crossed borders. It is true that NH has become more sophisticated, but the main features of the brand have been preserved by the new owners. "NH Hotels stands out in quality both s regards services and facilities, with very carefully thought out decoration, intended to please all tastes, uniform, and making the customer feel comfortable. NH Hotels' establishments offer the most advanced technologies designed to facilitate the customer's communication as well as his work and leisure" –says its polyglot website (English, Spanish, German and Dutch). NH does not present itself as a Spanish, but rather as a European group. However, the firm is making a remarkable effort in order to improve NH's standing, and this effort is carried out in association with a Spanish prestigious restaurateur (Ferran Adrià, who has launched concepts such as "Nhnube", spaces combining restaurant services, leisure and rest, and "Fast Good", quickly served best quality products), the Spanish fashion designer Adolfo Domínguez (in charge of the personnel's uniforms since 2001) and its own perfume brand "Agua de la Tierra" (provider of a complete complimentary toilet kit), based in Spain and the Mediterranean sea, evoking concepts such as healthy life, body care and organic products). NH's new emphasis on cuisine (in the website we read that NH wants "to raise the bar for the restaurant and hotel industry on a worldwide scale") has led the chain to provide six international cuisine grants for chefs across Spain, Europe and Latin America. At the same time there are signs that the chain is becoming less Spanish and more European (the NH Hotels Short Story Award has for the first time included a new category in English). The sponsorship of different sports events, though, remains markedly Spanish: NH Golf Tour and Polo Tournament in Sotogrande and Tennis Masters Madrid. NH's commitment with modernity might explain the introduction of the "Woman style concept" (including rooms specifically reserved for ladies, 20% of the chain's customers, and the kit "Woman Style Agua de la Tierra"). Advertising focuses on the concepts of uniformity, functionality, comfort, and an increasingly sophisticated urban style.

NH is thus a relatively young, urban, customer-close, Spanish though deliberately European firm that has benefited from the materialization of the European Union by acquiring Dutch, German and Italian hotel chains. At the same time, the Spanish chain has benefited from Spanish-inherent cultural advantages at doing business in Latin America and Northern Africa. NH is then probably an example of Spanish new capitalism. The most interesting thing about NH is that it has a clear identity, designed in and for the Spanish market in a period of growth and great expectations (related to Spain's joining the EU), that works well elsewhere in Northern Europe.

Conclusions

This paper has examined the role of Europe in the recent internationalization of Spanish firms. We have argued that in Spain, as in other countries of the European periphery, this process is inseparable from three major processes: the modernization of the Spanish economy, Spain's formal integration into the European Union (1986), and the second globalization wave. The fact that all this has taken place almost simultaneously has strongly affected the geography and patterns of internationalization of most Spanish firms. Privatization, deregulation, and concentration are the magic words under which much of what we are interested on has occurred. By pushing those processes, the EU has challenged, put pressure, and created opportunities for existing national firms.

We have first looked at –and reminded of- the strong and persistent influence of a few advanced countries on Spain's modernization since the advent of the industrial age. In our view, this *passive* internationalization of the Spanish economy should be taken into account to understand the role of long term technological assistance and business partnerships in Spanish business culture.

We have then turned our attention towards the *active* internationalization of the Spanish economy and firms. We cannot complain about lack of data or analysis. Yet most of them refer to the last fifteen years, when Spanish direct investment rose spectacularly, from very low levels to become second in Latin America after the United States. It has been thus easy to identify the main actors (former monopolies, banks, and family firms), markets (individual countries of Latin America and Western Europe), and specialization (services, labor-intensive manufacturing, and lately also cutting-edge technology) of this historically significant process. More interesting and complex, however, is to know how individual firms that (often long before that) have been major players in Spain's passive as well as active internationalization have planned their strategies and performed in the international markets.

A multiple case analysis illustrates and helps to understand this and more specifically how the prospects and materialization of the European integration have shaped the internationalization of Spanish firms since the 1960s. The experiences of 10 out of Spain's 100 largest multinational firms (Santander, Aceralia, Puig, Telefónica, Esteve, Agrolimen, Abengoa, Endesa, Inditex, and NH) show that 1) internationalization is older than stated in most available analysis; 2) foreign influence (in the form of business partnership, technological assistance, or inspiration) is an explicative variable of internationalization; 3) American influence is as strong as European influences; 4) Western Europe is only one of our firms' foreign markets, some of them being much stronger in Latin America or the United States; 5) leadership in the domestic market has usually preceded internationalization; 6) prospects of becoming a member and membership into the EU has fostered competition, modernization, concentration, and internationalization; 7) particularly relevant seem the opportunities created by deregulation and privatization that have led to mergers and acquisitions within the EU; 8) internationalization has not led our firms to become European, but global; 9) much of their corporate identity has been deliberately kept at domestic level and either adapted or omitted at international level ; 10) the transnational groups in charge of their communication strategy have apparently advised them to look global, not European.

For Spain's most outward looking firms, finally, the EU has been as challenging (because it has exposed Spanish firms to foreign competition) as full of opportunities (because it has enlarged markets and made intra-European alliances and acquisitions easier). Yet our examination does not indicate that Spanish firms have become more European (and less Spanish) as they have gone international. Most of our firms have kept much of their inherited corporate culture to strengthen their domestic leadership and globalize. This globalization bases on the opportunities created by privatization, economic development, technological progress, and scale across the world.

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