Family Business Institutionalization, Governance, and Social Distinction Among Colombia’s Elite Business Families

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Abstract

While the institutionalization of some of Colombia’s largest family-owned businesses is often explained with reference to the global economic liberalization of the 1990s and the need for smooth intergenerational transference of property and management, this article connects the increasing popularity of these specialized managerial measures to long-standing structures of social hierarchy and group formation in the country. Drawing on twenty months of ethnographic research among members of industrial elite business-owning families, I argue that the increasing prevalence of these measures cannot be fully explained without attention to dynamics of symbolic social distinction in the country. I ground family business governance in its social context by considering it in light of three important forms of distinction: in-group and cosmopolitan connections, conspicuous industriousness and enactment of “modern” values, and the adoption of governance as a form of family lineage.

Key words

Family business, governance, Colombia, elites, social distinction
Introduction

The concern over corporate governance that began to make the rounds globally in the 1970s and 80s (Davis 2005; Morck and Steier 2007) has taken a particular form in Colombia where business ownership is largely private, and capital is concentrated (Dávila L. de Guevara 2012; Rodríguez-Satizábal 2014). For the industrialist and capitalist families that control a significant portion of the country’s largest businesses, the adoption of governance not only brought about transformations in their management and ownership structures, but also in their families. If businesses now had boards of directors and organizational charts corresponding to holding and subsidiary schemes that structured property, families themselves also instituted formalized procedures for decision making.

The strategies and structures directed at the business-owning family are known as “family business governance” and, according to experts, are specifically designed to “embody incentives, authority patterns, and norms of legitimation that generate particular organizational propensities” directed at family business functioning and survival (Carney 2005, 249). First developed in the 1980s by consultants in the United States and Europe, they have been gaining increased popularity across the globe (Harrington and Strike 2018; The Economist 2018). Countering widely held ideas about family firms as typical of both early stages of firm development and of underdeveloped markets and economies, this new form of expertise considers family firms in their own right, assuming their own form of functionality and corresponding “best practices” (see Gersick and Feliu 2014 and Sharma, Melin, and Nordqvist 2014).

In general, families that implement family governance hire the services of an expert consultant or educator to assist them in the set-up of formal decision-making bodies called “family councils,” and in the creation of written contract-like agreements known as “family protocols” or “family constitutions.” With these measures, families look to codify matters such as the relationship of the family to the business, the conditions for employment of family members in the business, and the rules for succession in leadership, among other aspects that are considered to potentially bring conflict in family. In addition, families also engage in concerted efforts to specify their family values and foster family unity through activities such as programmed family meetings, and “family education” programs intended for younger members. In incorporating family governance, experts claim, families create organizational settings and structures where they understand themselves as legitimately exercising family institutional attributes to “work efficiently and effectively [for the benefit of] business and financial operations and for the preservation of family wealth” (Gersick and Feliu 2014).
According to members of Colombia’s business elite, family governance first arrived on the scene in the early 1990s. Since then, as I witnessed during my fieldwork, family council meetings have increasingly become part of the routines of many capitalist families. Publications in business magazines both outlining the necessity for governance and highlighting families who have implemented it have become commonplace suggesting the increasing institutionalization (Melin and Nordqvist 2007) of family business. Local explanations generally attribute this trend to two factors: on the one hand, Colombia was finalizing its shift in economic model from Import Substitution Industrialization to free markets during the 1990s, which required businesses to innovate and streamline; and on the other, many of the businesses founded in the middle part of the century—which had developed and thrived under the protectionist model– began to face intergenerational succession as their founders retired and died. These explanations interpret the incorporation of formal strategies of governance in Colombian businesses as a functional adaptation to the economic conjuncture of the country during the 1990s (see Abouzaid 2008 and Casanova 2009 for examples of this). In this article, I will complicate this account by paying attention to the specifics of upper-class formation in the country. I contend that attention to the social trajectories and positions of elite families sheds light on the relationship between structural conditions and symbolic aspects of upper-class formation and group belonging.

An ideological shift toward so-called “modern” and “liberal” values at the end of the 19th century and during a period of economic expansion starting in the 1930s allowed for successful entrepreneurs and their families to rise to the upper echelons of society and created expectations of personal success among members of the “old” elite who had previously tied their status to lineage and land-ownership (Jaramillo Uribe 1968; Rawitscher 2000; Rodríguez 2004). This new social order, I attest, can help explain the specific attachment to family businesses as an organizational form. In essence, while lineage may have lost some significance vis-à-vis expectations of self-making, markers of status that result from particular forms of upbringing continue to hold great value. By providing a language and set of procedures to think about “functional” family relationships as achievable by technical means, governance dons family with an aura of merit thus blending this “old” but relevant marker of distinction with new discourses of status legitimacy.

In making this argument, I bring an ethnographic and anthropological perspective to debates about family business governance, which fall broadly into three categories: (1) functional analyses of the necessity for governance, (2) historical accounts of the evolution of family businesses as an organizational form, and (3) institutionalist explanations which depict family businesses as subject to forces that constitute an
“organizational field” (DiMaggio and Powell 1983).

The first perspective, represented most significantly by consultants and experts who favor agency and stakeholder theories, justifies family business governance in the balancing of individual interests within the successful combination of different institutional logics (Berrone, Cruz, and Gomez-Mejia 2014). In other words, in this functionalist perspective, family governance is necessary for the accomplishment of family business objectives: the pursuit of profit and the survival of the business and family units (Villalonga et al. 2015).

The second more historically grounded perspective traces the emergence of family businesses and family governance to contextual factors such as networks of trust, company and inheritance law, and religion (Colli, Pérez, and Rose 2003; Fernández Pérez and Lluch 2016). In similar fashion, other comparative analyses think about the particularities of the economic development of different societies (Morck and Steier 2007). In developing markets, this perspective claims for example, that increased competition brought about by economic liberalization has demanded more dynamic and flexible companies. As such, corporate governance not only allows for the fiscalization and financialization of businesses, but it brings standardization and transparency, which are generally necessary to compete for capital (Casanova 2009).

Finally, the third perspective brings together studies that focus on individual firms to contemplate the “normative and mimetic pressures [that] seem to convince organizations that perceive and identify themselves in the specific category of organization into adopting strategic and organizational practices legitimized by the infrastructure and the related discourse” (Melin and Nordqvist 2007, 321). Some of these institutionalist scholars consider the role of “a supporting infrastructure of researchers, educators, consultants, non-academic and academic journals, associations and lobbying groups devoted to this particular category of organizations” (Melin and Nordqvist 2007, 321). In this vein, they have analyzed both the role of fiduciaries (Harrington and Strike 2018) and of professional associations (Parada, Nordqvist, and Gimeno 2010) in the institutionalization and homogenization of family businesses. Building on this last perspective but shifting the focus away from explicit factors that motivate families to adopt governance, this article takes into account the practical and ideological work that governance measures do within Colombia’s particular economy of social distinction and class mobility. In doing this, it not only invites scholars of business to think critically about the role that social structure plays in changes in the patterns of organizational behavior, but it contributes to anthropological studies about technocratic practice in Latin America (i.e. Han 2012, Hetherington 2011; Schuster 2013) by considering how it engenders particular forms of symbolic capital.
The work of anthropologists who have studied family/business formations provides an important background for the discussion at hand. In particular, I draw on their attention to both the contextual and contingent nature of the relationship between business and family (Yanagisako 2002), and to the specific practices that sustain the intertwining of families and businesses (i.e. Kondo 1990; Pina-Cabral and Pedroso de Lima 2000; Schweitzer and Pedroso de Lima 2000). This scholarship on family businesses extends anthropology's analysis of the intersection of kinship and economy that has been a staple subject of the discipline (i.e. Evans-Pritchard 1940, Leach 1961, cf. Strathern 1985). In this vein, my argument here follows work like George Marcus's study of dynastic families in the United States (Marcus and Hall 1992), which showed how the formal rules of legal trusts came to overlay and replace rules based on genealogy in succeeding generations.

I also take a cue from anthropologists working in “non-Western” contexts that have pointed out a form of Orientalism in the analysis of family involvement in business (Greenhalgh 1994). Sangren (1984) describes how the norms and practices that sustain Taiwanese multigenerational family businesses are no different from those of “Western” corporate forms. From his perspective, kinship plays an outsized role in the academic description of what he calls Chinese lineage based corporations, which upon closer look, “are very similar in form and function to lineages on bases other than kinship” (1984: 391). Responding to debates about the rise of the “Asian Tigers” that were popular in the 1990s (and continue to have resonance today), Greenhalgh analyzes the attachment of Sinological literature to family firms. Citing Said (1978), she contends “that the discourse on Confucian culture and economic development constitutes a form of Orientalist economics that constructs Chinese culture as a set of timeless “Oriental” essences that exist in radical reparation from and opposition to the West” (1994, 748). My argument here extends this perspective to add complexity to debates about family businesses in Latin America, which often explain the prevalence of this organizational form in a cultural commitment to family. Instead of assuming this commitment, I investigate the broader contextual factors that help us understand the symbolic importance of family (cf. Creed 2000).

To develop this approach, I draw on ethnographic and archival data collected between 2010 and 2019 among large-scale business owning families in Colombia, mostly residing in the capital city of Bogotá.¹

¹Since these are privately held businesses, it is difficult to calculate the wealth of their owning families. For the most part, their property is structured in complicated holding-subsidiary set ups (La Porta, Lopez-De-Silanes, and Shleifer, “Corporate Ownership Around the World.”) However, the companies owned by some of the families I study, report assets that in 2018 ranged between 130 and 400 million dollars (see Revista Semana, “Ránking de Las 100 Empresas Más Grandes de Colombia y Las 900 Siguientes - Especiales Semana.”) For reference,
Through unstructured in-depth interviews and participant observation in spaces where family governance is socialized – i.e., professional association meetings and other conference-type events carried out by consultants – I carried up-close research of the process of dissemination of family business governance in the country.

The conceptual framework of the article comes from Pierre Bourdieu's seminal work on social distinction, which analyzes how social group formation in capitalistic societies cannot be reduced strictly to economic capital but is also defined by the accumulation of what he refers to as symbolic capital (Bourdieu 1986). This perspective not only allows for an understanding of social structure and interaction that goes beyond the economic, but its focus on the symbolic provides a framework to think about the relationship between the “objective” economic fact of ownership of businesses with the “subjective” interpersonal structures that bind individuals together in a social group (cf. Farnsworth-Alvear 2000, 24–27). In addition to this, I also draw on Yanagisako (2002) for an account of the cultural production of capitalists in the context of family firms in Italy. This conceptual framework leads me to use the terms “elite” and “upper class” interchangeably, and following Bourdieu, to think about social structure as not solely determined by economic factors.

As such, I demonstrate that the blending of the apparently contradictory valuing of lineage and individualism in ideologies of status in Colombia is crucial to understanding the burgeoning of family governance in the country starting at the close of the 20th century. In order to do this, I look at three different instances in which symbolic capital is accumulated through the incorporation of governance. First, I consider how the opportunity to participate in international family business associations where members can interact with other families perceived as “prestigious” motivates them to identify as family businesses by incorporating the governance structures that designate them as such. In this analysis, I build on Parada, Nordqvist and Gimeno’s (2010) work on the role of professional associations by thinking about these spaces not just as sites for the dissemination of knowledge and expertise, but also for inclusion and recognition of a status-granting peerage. Second, I consider how the institutionalization of family businesses through governance and its associated rationalization allow members of business-owning families to enact their adherence to ideologies that value work and merit. Relatedly, the third and final section of my argument considers how the institutionalization of family businesses is a means to construct a new form of lineage that conforms to those same dominant discourses that exalt the value of effort and self-making. In light of this, I conclude, family business governance appears as the ideal vehicle for the accumulation of

the largest company in Colombia, Ecopetrol, has a market capitalization of 20 billion dollars and it is 85% state-owned.
symbolic capital insofar as it incorporates the continued symbolic significance of family to discourses of technical functionality and meritocracy that gained increased ascendancy in the course of the 20th century.

Family Governance in Colombia

While I was living in Bogotá in the late 2000s, a new type of event was populating the weekly planners of many of the people I knew. In addition to Sunday family lunches, trips to summer houses [fincas], and birthday and holiday parties, upper class Bogotanos whose families owned companies, now arranged their schedules around seemingly mandatory meetings associated with their family businesses. These obligations involved even those who did not work in the business, nor, to my knowledge had any other professional connection to them. Nevertheless, meetings were taking place in conference rooms in hotels and local social clubs such as Metropolitan Club and Club El Nogal, and from what my contacts recounted and I was able to witness, they had set agendas and sometimes involved voting.

What I witnessed in Bogotá during that time, was the result of a trend that had been consolidating over the previous decade. As many of my acquaintances explained to me, seeking to avoid the common fate of family business demise before the third generation, they incorporated mechanisms of corporate governance that were already making the rounds in the American and European business worlds. Following my observation of this new phenomenon, I set out to trace the development of family business consultancy in Colombia and, in the last decade, I have mapped the state of the field in the country through archival sources and personal interviews with family members and experts. I present those results in this section.

In Colombia, as in other parts of the world, family business governance can be traced back to the work that lawyers, accountants, and consultants carried out with privately owned companies as they assisted managers and owners in processes of property structuring and estate management (Sharma, Melin, and Nordqvist 2014b; Gersick and Felu 2014). Though families in the country had been adopting formalized corporate structures to organize their property for some time, formal family business governance, as it is known today, began making the rounds in the early 1990s (Veiga Copo 2010). Members of the first families to start governance processes, reported to me that the first time that they heard about managerial strategies designed specifically for family businesses was in a 1991 talk by American professor and consultant Peter Davis. According to my contacts, Carlos Lleras de la Fuente, a prominent lawyer and former presidential candidate, foresaw the approaching retirement of a large number of founders of important
companies and conglomerates, and considered the smooth transition of leadership a matter of national interest. For this reason, he decided to bring an expert on the matter to introduce these important families to the latest theories on the topic of family business succession (Veiga Copo 2010). Following this conference, many prominent families began working with American consultants. While some began writing their protocols, others sought to “educate” themselves on the topic by attending different conferences that were being held in the United States.

Alongside this interest in governance by individual families, the topic of family businesses gained attention in Colombia's business world as a whole. Though family ownership is not regulated by Colombian commercial law, the entity in charge of overseeing all corporations, the Superintendencia de Sociedades, began gathering data on family ownership in 2003. In 2006, they published a report that determined that more than 60% of businesses in Colombia were family businesses because they were owned and managed by persons within two degrees of affinity (Superintendencia de Sociedades [Colombia] 2006). This report served as justification not only for increased research on family businesses (i.e. Vélez 2008, 2; Gómez-Betancourt 2005, 4), but also led Bogotá’s Chamber of Commerce to create a manual outlining the best practices of family governance (see CCB, Supersociedades, and Confecamaras 2009).

A surge of local academic research, specialized consultant services and conferences grew alongside these studies, and, in a sense, provided their own self-justification in the data provided in their results. Universities created faculty lines for family business experts, began offering non-degree courses and put together research centers devoted to the topic. In two cases, the faculty members were specialized consultants who had recently completed graduate degrees in family business governance abroad: Diego Vélez, studied in Georgia, and Gonzalo Gómez Betancourt finished a Ph.D. on the subject at the IESE in Spain.

Besides the university professors who also served as consultants, in 2010, through the accounts of consultants themselves and internet searches on the subject, I came to know of four other family business consulting companies in Bogotá and one in Cali. Professionals at Suárez y Suárez had spun off from Vélez’s company and worked with Universidad Javeriana. Raúl Serebrénic, who was a well-known lawyer and wealth manager began offering specific family business consulting. Mary Alice Crump Carvajal, a member of a prestigious business family, also set up a consultancy firm. Finally, Andrés Rico, a former associate of Vélez, not only started his own company, but founded the Colombian chapter of the Family Business Network (henceforth FBN), which is an organization headquartered in Switzerland that “brings together 4,000 business families through 750 activities, events organized annually” (www.fbn.org). This is now the main family business professional association in the
country and has been central in disseminating family governance expertise. The Colombian chapter now includes more than 120 families that participate in a wide range of events such as conferences, weekly speakers, social gatherings, and confidential support groups.

The specifics of the rapid spread of family governance in the Colombian business world resonate with what Leif Melin and Mattias Nordqvist argue about the influential role of “interactive reflexivity of practitioners and researchers” in their essay on the worldwide trend toward family business institutionalization (Melin and Nordqvist 2007, 321). In their perspective, the emergence of governance targeted specifically at family businesses has resulted in the consolidation of “family business” as a specific organizational category (which, as they argue, may not be as internally homogenous as it appears.) The existence of governance mechanisms like family councils results in a “general normative prescription that the family business should have a family council” (Melin and Nordqvist 2007, 326). In fact, they argue that “when influential actors prescribe the use of a new practice like the family council, perhaps based on famous and admirable examples of family business, it easily becomes fashion” (2007, 326). In Colombia, these “normative and mimetic mechanisms” (Melin and Nordqvist 2007, 326) are complemented by the particular cohesion of the social class that many large-scale business owning families belong to. If Melin and Nordqvist think about institutionalization within certain business communities, in Colombia this is further intensified by dynamics of class belonging stemming from the country’s social history. I turn to that history now.

The Changing Landscape of Social Distinction in Bogotá

In the course of the 20th century Colombian society underwent a series of social transformations that changed both the make-up of the upper class and some of its markers of belonging and codes of distinction. As in many other Latin American societies, social status was historically associated with landownership and its related political influence (Safford 1976). During the 20th century and especially starting in the 1930s, as the country industrialized, urbanized, and grew, the economic activities of merchants and industrialists and their organization into centralized special-interest groups resulted in their increased political and social influence (Caballero Argaez 2016). In this context, the short time in which commercial and industrial fortunes were made began to lose importance vis-à-vis the long-term wealth of members of the traditional landed elite (Castro-Gómez 2009). Money, work, and the merit associated both with the professional careers and with economic success gained ideological ascendance and gradually became authorized markers of status (Dávila L. de Guevara 2012).

By the 1960s, the differences between the “newer” and older
members of the elite had blurred significantly (Dávila L. de Guevara 2012). By then, some of the traditional landed elite had made the transition into professional life (in some cases turning their haciendas into agricultural businesses). These economic changes were accompanied by social ones such as the intermingling of these newly wealthy and influential individuals and their families and the more traditional upper class as both sought the comfort of the newly available spaces of the developing city such as “modern” neighborhoods, parks (see Arenas 2007), and commercial establishments such as cafes (see Monje 2013). This interaction between the two groups was made closer when traditional elite schools began admitting the children of the new group, and when the appearance of embassy-sponsored international schools in the city, with their cosmopolitan appeal, started attracting members of both the new and old elite. The intimate cohabitation and upbringing in these spaces resulted in a great amount of intermarriage, which blended the two groups more closely (Rodríguez 2004; Rawitscher 2000).

My ethnographic research found that these changes have been neither quick nor complete and have led to a society where upward mobility through economic accumulation is possible, but where markers of distinction associated with more traditional social hierarchies still have a hold. As such, the markers of status that distinguish belonging to the elite combine both the logic of the traditional landed “aristocracy” with more “modern” bourgeois values associated with personal achievement. Two examples from the current codes of distinction that I observed during my time in Bogotá help illustrate this: the importance of schools and of habits of consumption.

Since I attended one of these schools, their symbolic significance was not only key to my access to many of the families I studied, but it also provided a shorthand for tracing networks of elite communities. Though the elite has become more heterogenous in the last century, it is common for upper class Bogotanos to feel like they can identify each other. Growing up in such circles in Colombia, it is common to hear the question “and who is that?” after someone mentions a personal name. Following this, the speaker will provide the right references for their interlocutor to locate the named individual within a mental social map. The school someone went to is one of the most common references used. The reason this information is significant is that, traditionally, admission to the Bogotá international schools known collectively as UNCOLI as well as to traditional boys’ and girls’ schools such as Gimnasio Moderno or Gimnasio Femenino was reserved for the children of the elite (see Corredor, Álvarez-Rivadulla, and Maldonado-Carreño 2019). Starting in the 1980s many of these schools began instituting entrance exams, signaling the adoption of meritocracy. Nevertheless, similar to the admission policies to elite schools in the United States, attendance of parents, siblings and even cousins, continues to be an important asset for
acceptance. In the absence of this, a recommendation from an alumnus can serve as a reference. As such, while these schools apparently work in the logic of merit endowing their graduates with this aura, they also continue to guarantee the status of certain families. In this sense, as family name has lost its hold as a legitimate credential, school-belonging has replaced it as a symbol that conforms to new values while retaining old forms of exclusion.

Ideas of taste and forms of consumption also combine the logic of individual achievement with social boundaries based on family origin. Markers of distinction through non-economic forms of capital gained particular importance after the changes in access to and acquisition of wealth that took place first in the 1930s through industrialization and then in the 1980s through the rise of drug trafficking. Conspicuous consumption of luxury goods has become especially suspect in the advent of the drug era, since drug lords or *narcos* are seen as spending their illegitimately earned capital on goods that are either in “bad taste” or that “they cannot appreciate.” Expensive cars, extravagant architectural and interior design, yachts, and the like, all have come to disqualify an individual or family from peerage with the elite, while “discreteness” may be particularly rewarded if other conditions such as professional merit already provide an advantage.

I have observed in Bogotá how “good taste” is also often associated with learning the sober predilections of the capital-city dwellers as a way for individuals to prove having overcome an “outsider” origin. Members of the Bogotá elite conceive of themselves as at the top of the national hierarchy, requiring that any association with other cities or regions be erased in order for an individual or family to join their ranks. Regional accents, habits of cooking and eating, and ways of dressing are given significance, with those from the Caribbean coast often being considered the most offensive (Pedraza Gómez 2008). As dwellers of a high-altitude, “cold” city, Bogotanos are proud of wearing thick clothes, closed-toed shoes and full-length pants, and look down on those who don't abide by referring to them as “*calentanos,*” which roughly refers to people from warmer climates who can't adjust.

A 2004 opinion column entitled “Friolentos y Calentanos” in *Semana* (https://www.semana.com/opinion/articulo/friolentos-calentanos/54773-3), the Colombian weekly magazine with the highest circulation, presents an interesting artifact of this prejudice in its discussion of politicians from warmer climes. The author describes then President Uribe, who hails from the Antioquia department, as “coming from a temperate climate and having a hot heart” marking a difference with the “coldness” that has characterized presidents from Bogotá. In the article, talk of his choice in clothing helps reinforce the point by deliberately referring to his *poncho* and *carriel,* two items associated with his warmer geographical origin and with agricultural work.
Schooling and ideas of taste both exist within the ambiguous middle-ground between family upbringing and individual cultivation and choices that characterize the workings of status in a changing society. As the ethnographic examples in this article will show, the adoption of family governance, with its potential to don the explicitly familial with an aura of technicality, also exists within this blend of apparently conflicting measures of status.

**Elite Recognition and Cosmopolitan Distinction**

For Parada et al. (2010) voluntary professional associations play an important role in the institutionalization of family businesses. In their argument, mimetic, coercive and normative pressures are particularly effective in these spaces where business-owning families gather. As such, contact with other seemingly successful families who have incorporated structures of family governance is often related to what they refer to as a “change in values” within family businesses that participated in such spaces. This change in what they understand as their values often comes from, as the authors say, “knowledge about contemporary theories and models regarding how to organize family businesses more efficiently and professionally” (Parada, Nordqvist, and Gimeno 2010, 365).

My ethnographic research among members of the local chapter of FBN in Colombia found something akin to their observations playing out in practice. Members of the network reported that the opportunity to learn directly from other families’ experiences provided helpful resources as they navigated their own challenges in processes of succession, writing of protocols, dealing with conflict, etc. In other words, FBN was an important space for the institutionalization of family businesses and the dissemination of family governance knowledge and practices. In my observation of FBN-Colombia however, I found that the normative and mimetic work that takes place within the associations through the “prescriptions and assumptions regarding the appropriate, professional, and modern way of governing a family business” (Parada, Nordqvist, and Gimeno 2010, 365) is further reinforced by the possibility of being recognized as a member of the elite by other families of renown. In the network’s activities the successful combination of lineage and merit that marks the claim to status of business-owning families is legitimized by the presence of respected experts and the connections with families from all over the world.

In the years since its founding in 2006, peerage has been important for expanding the membership of the network. The five founding families that owned nationally recognized businesses all either knew each other personally or recognized each other as potential peers. This first-hand knowledge and tight-knit network continue to operate in the rules of admission to the chapter. While the chapter’s website
(www.fbncolombia.org) outlines the conditions to be considered for membership (1. Families must be at least in the second generation; 2. They must be “leaders” in their industry), Claudia Gómez, the chapter’s executive director, explained to me that a current member family must recommend the new family. She described the process of application by prospective families as follows: “After we receive the referral, I visit the family, and then present their case to the board. Finally, once the family has gone through this vetting, their details are sent to the entire membership of the chapter via email so that any existing member can raise objections to the admission.” As a way to illustrate how this worked, she followed up her explanation with a reference to the admission process of one of Bogotá's most exclusive country clubs. “It works a little like El Country,” she said.

As the executive director of the chapter since its founding, Claudia Gomez’s background is telling of the relationship of the network with broader dynamics of class and distinction in Colombia. Though she does not come from a business-owning family, her credentials include markers of upper class belonging: she studied Business Administration at Universidad de los Andes, Colombia’s foremost elite university, and lived in both France and the United States where she earned a certificate from Harvard. More importantly however, having gone to elementary, middle and high school at Gimnasio Femenino, one of Bogotá’s most traditional upper-class schools, she is not only well-connected socially, but is native to the rules of socialization among the Bogotá elite.

The tasks involved in Claudia’s work are also suggestive of the meaning of the network for participants and for those aspiring to join it. Claudia organizes and curates FBN-Colombia events to respond to an expectation in her members of opportunities to acquire practical knowledge in a space that has all the markings of their social status. As such, to a great degree, Claudia’s job involves a certain kind of discernment about which she is very conscious. In 2015, while she was putting together a large event in the coastal city of Cartagena that would host network members under age 40 from all over the world, Claudia explained to me the specifics that made planning for FBN different from general event planning:

It is such a particular aesthetic that these events need. Event planners think of everything as corporate events and in this case the attendees are not employees (as in a large company meeting), or clients (as in a trade fair, for example), but they are families that are at the same time clients and hosts/sponsors of the network. Employees don’t care as long as it is free, clients don’t care as long as it is high end, in this case it must make people feel that FBN is really worth it.

In her experience, conventional event planners with limited contact with
the Colombian bourgeoisie, simply cannot understand the subtleties involved in the markings of metropolitan taste and distinction that make events acceptable to the members of FBN.

As part of my field work, I collaborated with Claudia in putting together the 2015 Cartagena event and witnessed first-hand numerous examples of her distinction-aware discernment. Elements such as the venue and menus had to be of a certain quality and with cosmopolitan touches such as impeccable presentation of tied up veggies in white china and moderately good wine. Her attention to minor details was perhaps even more telling. For reasons that I will discuss in a moment, this event required that attendees be transported to a location about an hour outside of the city. When choosing the buses, in addition to obvious requirements such as good mechanical condition and functioning A/C, she also requested that the transportation provider not use huge tour buses since those would kick off the event with a feeling of disordered mass or *chichonera*, a characteristically Colombian idiom to refer to overcrowding. Instead, she asked for medium size buses in which “participants would not have to wait so long to get on the road while the vehicle filled up.” In addition to this, the meeting point to board the buses was at one of Cartagena’s most beautiful restaurants on the water where guests could enjoy a refreshing tropical juice before their trip.

While these touches of “good taste” are central to all FBN events, the one in Cartagena also had to create an experience that conformed to expectations about a tropical location that FBN members from Europe and the United States might have, thus creating an optimal space for the Colombian members of the network to act as hosts. While Cartagena’s most luxurious hotels are within the city’s walled quarters, Claudia and the planning committee ended up choosing a more resort-like location on an island about an hour away anticipating that the foreign guests would want to have easy access to a beach. Another justification for the choice was the fact that this secluded location would actually help minimize the risk of a mugging, which can be common in Colombia. Such a mishap, while out of the organizers’ control, “would be a big deal since families are basically sending their younger members to us and as an organization of families, we have a different sort of responsibility,” Claudia said.

This sense of obligation to the foreign guests was shared by the Colombian members of FBN who felt like they were representing their country. For Colombian FBN members the recognition by these peers from the metropole seems to be especially valuable and to contribute to FBN membership as a symbol of status (cf. Villaveces 1998). Members often describe the value of the network as not necessarily residing in the concrete knowledge that one can acquire, but rather in the relationships that one can establish. This sentiment was reflected in an FBN newsletter where one participant described her experiences at a 2016 Summit in Goa, India by saying: “What I liked the most about the summit was the
opportunity to meet and exchange experiences with people of my same age from all over the world that go through situations similar to mine.”

The Colombian chapter of FBN continues to thrive. Currently, it has over 120 member families who all live in major cities in the country and gather together yearly for a country summit with over 200 participants. As I argued in this section, this success can be explained in the space it creates for the display and observation of markers of distinction expressed in the details of how members consume governance expertise in FBN events. Bourdieu explains in the introduction to Distinction that “consumption is, in this case, a stage process of communication, that is, an act of deciphering, decoding, which presupposes practical or explicit mastery of the cipher or code” (Bourdieu 1986, 3). In the section that follows, I will extend this idea to think about how the codes of distinction that members of the elite master, assign value to the rationalization implied in the adoption (and consumption) of family governance.

Conspicuous industriousness and the enactment of “modern” values

In Colombia, as is characteristic of many market-based societies, entrepreneurs are model figures and subjects of much academic and popular lore (i.e., Dávila L. de Guevara 2003). This prestige is fundamental to the claims to social status of their descendants, but it engenders a paradox. In similar fashion to what Sylvia Yanagisako (2002, 90) called the “conundrum of the second-generation self-made man,” unlike their notable parents, the children of entrepreneurs cannot be entirely self-made. In other words, the individual achievement that resulted in their family’s prestige is not something that can be replicated by those born into that prestige. My research has shown that family governance appears to provide a way out of this “conundrum.” In this section I argue that, with its claim that families can and should take action to ensure family business functionality and survival “from generation to generation” (Gersick et al. 1997), the procedures and actions recommended by family governance expertise provide family members the opportunity to make family business succession their unique, personal project and thus continue their ancestor’s entrepreneurial legacy.

The broad social and economic transformations that took place in Colombia in the 20th century recounted before, explain in part the origin of this conundrum. As Colombian society modernized and industrialized in the early 20th century, the discourse about individualistic liberal values that had been contentious in the 19th century became increasingly dominant (Safford 1976; Castro-Gómez 2009). When entrepreneurs attained their dominant status through accumulation resulting from work, their discourse about values also gained ascendency. In fact, as they strove to join the ranks of the elite, they openly sought to counterbalance
traditional economies of status based on descent with more “modern” and cosmopolitan discourses valuing meritocracy. Allying themselves with liberal national projects such as universal education and free trade, they articulated their own trajectories and distinction to the universal project of modernity (Caballero Argaez 2016).

The adoption of family governance as a means to manage family is in keeping with these discourses in that it involves both explicit work and the application of technical knowledge. For descendants of entrepreneurs this has come to represent an extension of their ancestor’s legacy. When recounting the arguments over adopting governance among different members of her family, a second-generation member of a paper product business family provided an illustrative example of how descendants view family governance. She explained that for some time she and her siblings had been caught in a “typical dynamic” of family businesses where “personal battles were fought inside boardrooms.” “It was a matter of approving initiatives and taking sides based on who you were getting along with at the moment,” she recalled. The realization that her family needed to start “working” on their family relations came through the advice of a non-family board member. This person admonished them about the fact that they were “an entrepreneurial family” [familia empresaria] and were not behaving like one by engaging in conflict that affected the business. In the board member’s plea, this business family had a duty to act “rationally” precisely because of the heritage of their family. The expression of this rationality came in professionalization. In my interlocutors’ account, it was this conversation that prompted the family to join FBN and begin the process of adopting formal family governance.

The manner in which descendants assign significance to the work of governance in the face of the paradox they face resonates somewhat with the role that Weber (2003) assigns to uncertainty in his analysis of the protestant ethic. In the classic argument, uncertainty about predetermination created a sense of inescapable duty to labor that separated work from its material or spiritual consequences. This separation is the unintended origin of what Weber referred to as the spirit of capitalism, in which “economic acquisition is no longer subordinated to man as the means for the satisfaction of his material needs” (2003, 241) but is instead an end in itself. If for Weber’s Calvinists the relationship to the divine was a source of uncertainty, for business-owning families it is their own capacity to live up to the values of self-making and responsible stewardship that is in question.

When asked about the future, few family members ever spoke with certainty about what might come. One member of a family in agribusiness that had been working with a consultant for years spoke of “only being able to count on the now. At any point things can change, and protocol or no protocol, everything can fall apart.” Another member of
this family spoke of the protocol as something that they “just had to do.” For her, its significance was not in what it might entail for the future, but rather in what it meant for them as a family in the present. Consequently, family members’ attitudes towards work reveal a similar sense of ethical commitment. Family governance in its guise of creating conditions for the future allows family members to do something about family in the present. As such, its significance appears to be not in its content—the rules and strategies for the future—but in the actual doing. For the descendants of entrepreneurs whose “success stories” are fundamentally defined by “doing,” the act of doing becomes an end in itself.

However, if for Weber the subjective value of work is determined by the individual’s relationship to God, in the case of members of Colombian business-owning families, this value is determined by the mores of their social group, and as such, must in part be made visible to that group. The hiring of consultants and the participation in groups such as FBN both serve this function. Bourdieu’s (1986) notion of symbolic capital and its relationship to social prestige provides a useful parallel. By making the rationalization and institutionalization of family an object of cultivation, family business governance provides a demonstrable means for the fulfillment of a duty to work. Furthermore, because governance itself has increasingly become available through the channels of technocracy and garnered the prestige of scientific expertise (i.e Abouzaid 2008), family members can thus think of themselves as engaging in rational, “modern” practices.

Yet in its fulfillment of “doing,” family governance also allows family members to express this industriousness as an essential characteristic of their family. In doing so, it renews and legitimizes the identification with a family of renown, a traditional value-discourse of the elite which persists today. More importantly, it provides a way in which to “update” the family by making it an object of work and technical intervention as opposed to something that is simply given. The appeal of governance hinges precisely on this form of translation as opposed to erasure: the importance of family does not disappear in favor of the logic of rationalism, but its status-giving power is an expression of the families’ orientation towards work and success, and therefore “good” lineage.

**Governance as expression lineage**

While in the previous section the incorporation of family governance was status granting because of its connection with “modern” values, in this section I explore how its association with family also motivates its implementation. Despite the fact that the general trend in Colombia has been towards a more “democratic” society where status is supposed to be determined by individual achievement, this change has only taken place at the discursive level. In practice, kinship and genealogy continue to hold
great importance to social position. However, even if the changes have not been complete, this perceived "democratization" has had the effect of pushing family to play a less explicit role. My research shows that this has been expressed in a shift in value from family name itself to other more subtle symbols that suggest and mark "appropriate" upbringing and family heritage.

One example of this is the importance assigned to the markers of status at FBN events. In Bourdieu's classic analysis of symbolic capital, its essence lies precisely in the fact that it can only be acquired through inheritance (Bourdieu 1986, 244–45; cf. Ong 1999, 91). As such, while explicitly presenting itself as a venue for the acquisition of technical knowledge about family businesses, FBN is a space for the performance of forms of habitus such as "refined" taste and cosmopolitan fluency, which can only be legitimately acquired through upbringing in the "right" kind of families.

Another way that new forms of formal governance allow family members to lay individual claim to characteristics that can only be acquired through heritage is through the significance that its discourse assigns to families' unique "values." One example of this came up during an interview with a second-generation member of a family in the financial services industry. When describing their process of implementing family governance, she explicitly referred to the protocol as a way to honor the memory of her father. She reported feeling that "the backbone of our protocol is all the different principles that my father worked hard to instill in us, both as business-people and as a family." For her family, these principles included the division of all inheritance in equal parts among descendants and the separation of decisions and assets belonging to family and business even if the individual owners are all the same. At a particularly emotive moment in her account, she remembered her father's love for the Spanish philosopher Ortega y Gasset and said:

He always said that we had to look a little bit above and beyond everyone else; that we should be able to lift our head just a little higher, to be more. That's what he left us, what was all there organically, but was never put into this formal verbalized scheme that we have today [the protocol]. We came to understand things in this way only later, with the help of the consultant.

In mentioning this to me, not only did she signal her father's cultural capital as a reader of European philosophy, but she referred to the pursuit of their family protocol as an expression of their family values and heritage.

Explanations such as this one resonate with what Lomnitz and Pérez's (1987, 11) found among Mexican industrialist families. According to the authors, business is "a means and a vehicle of family status rather than an end in itself." The manner in which some experts think of the
necessity for governance conforms with this insofar as it considers the solidarity inherent in family as a means to establishing cohesiveness among owners and streamlining decision-making, which result in economic advantages (i.e., Gómez Betancourt 2014). The relationship of governance to symbolic capital outlined thus far suggests a further twist, however. While financial advantage may in part account for the adoption of family governance, in carrying out the appropriate work and in embodying the values of excellence of the ancestor, individuals appear as making the “right” choices thereby “proving” themselves as rightful descendants of the illustrious entrepreneur and stewards of their lineage. The existence of a lineage in turn endows them with status within more traditional logics of distinction based on lineage.

In the case of the female family member mentioned just before, taking actions that both result in successful succession and that demonstrate belonging to the lineage carry additional significance because women have traditionally not been considered legitimate successors. As such, as a set technical of procedures to construct genealogy, family business governance also creates the possibility for formerly excluded members to be included in the family if they are willing to make the right choices.

Conclusions

While the desire to sustain property of businesses by capitalist families may not be surprising from an economistic perspective, in this paper I have considered the symbolic dimensions of elite-belonging to think about how they might explain the recent surge in family governance incorporation in Colombia. In all three ethnographic examples, “family business” and its formalization through governance hold symbolic significance for members of the industrial elite because they allow them to mark their group belonging in a manner that conforms with the traditional rules which favor descent, and the values of work that their entrepreneurial ancestor embodied and contributed to establishing.

Inquiries into the emergence, development and endurance of family ownership of enterprises has unquestionable significance given that, according to some, they are the most prevalent organizational type in the world (Sharma, Melin, and Nordqvist 2014) and in Latin America (Fernández Perez and Lluch 2016). Using an ethnographic and anthropological perspective, the analysis I carry out in this article broadens the current scope of this scholarly conversation by providing additional context to the process of institutionalization of family businesses. Examples of those analyses such as the work of Melin and Nordqvist (2007) and the work of Parada, Nordqvist and Gimeno (2010), make an important contribution by considering the role of academic experts and practitioners in creating the notion among businesses and
families that such a diverse set of organizations share relevant commonalities. Considering the process of institutionalization in Colombia in relation to prevalent social norms opens an opportunity for broader and more critical analytical approaches. In this case, the social position of business families and the symbolic significance of the family, which are both intrinsically connected with particular local historical developments, help explain the hold, prevalence and meaning of elite "family businesses." Further inquiries about this symbolic work in other contexts would help complicate generalizing accounts that tend to homogenize this organizational form.

Similarly, while historical perspectives have been deft at accounting for "the impact of different historical, cultural and institutional forces and the implications they have for the power of families within both [...] businesses and [...] economies," (Colli, Pérez, and Rose 2003, 29; see also Fernández Pérez and Lluch 2016 for Latin America.), less attention has been devoted to the symbolic and ideological function of family and of family business. The case of Colombia shows how what may have been an institutional or even cultural emphasis on family has translated into a form of symbolic capital that can be accumulated by displaying signs that are associated with the status of lineage. This perspective not only adds value to institutional history, but it provides additional narratives helping to explain the prevalence of family businesses in a contemporary environment in which discourses of economic rationality are dominant.

Here, the emerging practices of family governance in Colombia show that its appeal to the local elite goes beyond its potential to provide continued economic benefits. In doing this, family emerges as an organizational form that has the capacity to guarantee social distinction for individuals in a context where status continues to be fundamentally tied to genealogy. In this landscape, the importance of family, and by implication the justification for family governance, is explained in these elite families’ participation in Colombia’s economy of social differentiation. As such, while analysts have focused their attention on the disruptive nature of rationalization for non-individualistic sociality, the material presented here suggests that it creates a kind of class solidarity, which seems crucial to understanding the dynamics of group formation among the powerful.

Finally, this intervention into what has mostly been a debate between management scholars, economists, organizational sociologists, and business historians stands as an example of the unique perspective that ethnographic fieldwork and anthropological analysis can contribute (cf. Stewart 2014). While an argument tying economic behavior with class structures is not novel, participant-observation and critical attention to the role of meaning in human practice, sheds light on the symbolic
dimension of economic rationality possibly creating new avenues in the study of organizational change.

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