The role of small- and medium-sized firms in the industrial development of Spain (1959-1975)

— **Leonardo Caruana, Carlos Larrinaga and Juan Manuel Matés***

This paper analyses the period of economic development that Spain underwent between 1959 and 1975, focusing on small- and medium-sized firms across the whole range of industry. It is argued in this paper that small- and medium-sized firms played a crucial role in this process. The conclusion that may be drawn from the INE income data for small- and medium-sized enterprises is that these firms enjoyed the greatest growth over this period.

JEL classification: N64, N84, O14.

Keywords: Spain, economic growth, small and medium firms, industry.

1. Introduction

This paper examines the role of small and medium-sized firms in Spain between 1959 and 1975. This period, of significant growth in the latter years of the Franco dictatorship, has recently been called the «golden age» of the Spanish economy, although economists and historians have more commonly referred to the «age of development»[1].

A complete analysis of business in the industrial sector requires examining a series of factors that explain the role of small and medium-sized firms during the period of Spain's economic development. However, such a study is far from easy. In the first place, this is due to the dearth of statistical sources covering the full range of business variables, not to mention the very complexity of industrial activity. Secondly, many small and medium-sized firms work, at least partly, in the shadows of the informal economy. In this matter, the source used here, which is the annual census of firms and business activity prepared by the Spanish National Statistics Institute (Instituto Nacional de Estadística, or Ine), is particularly relevant. This source provides valuable information about the number of companies operating, the size of the workforce and the value of output, as well as a calculation of the average number of workers. These data allow us to estimate the evolution of SMEs, and to analyse the industrial sector as a whole along with its contribution to overall economic growth.

* Leonardo Caruana, University of Granada, Spain; Carlos Larrinaga, University of Granada, Spain; Juan Manuel Matés, University of Jaén, Spain.

[1] A. Carreras and X. Tafunell, 2004, pp. 331-364.

Clearly Spanish industry has been a subject of considerable historiographic debate on the part of both economists and economic historians, and the sector is unquestionably basic in the modernization of the country after a difficult start. This has led some scholars to describe Spain as a «latecomer». Juergen Donges and Juan Velarde have highlighted the importance of the industrial sector and, in particular, of the Instituto Nacional de Industria (Ini). The works of Ramón Tamames and José Luis García Delgado, who analysed industry as part of the general economy of Spain in this period, are fundamental to understanding the process. The more specific works of Mikel Buesa, José Molero and Francisco Braña, meanwhile, addressed overall development through sector studies in the light of the enormous importance of economic policy, as well as the adoption of new technologies to develop industry. Pedro Fraile, Pedro Schwartz, Manuel Jesús González, Pablo Martín Aceña, Francisco Comín and Antonio Gómez Mendoza form an essential group of economic historians. The first of these professors stands out for his analysis of Spanish industry in the first half of the 20th century, while the rest have concentrated on the evolution of the Ini. A new generation of historians has also considered Spanish industry over this period. We may also mention those economic historians who have concentrated on regional industry. In the case of SMEs José Antonio Miranda analyses the footwear industry, Paloma Fernández the metal industry, José María Valdaliso, Santiago López, Elola Aitziber and Mari J. Aranguren the industry of the Basque Country, Igor Goñi Mendizabal the arms industry in Eibar and José María Ortiz-Villajos López the equipment industry and automotive components and several other authors. This brief description of the state of the issue would not be complete without a mention of papers on the subject of trade, which describe the routes by which Spanish industry sought to catch up. Manuel de Torres, Ángel Viñas and José María Serrano Sanz have published seminal work in this regard. Viñas describes Spain's trade policy between 1931 and 1975, while Serrano has insisted on the importance of international trade to the country's economic development. And we may mention the quantitative work of Leandro Prados, Albert Carreras, Antonio Tena and Elena Martínez Ruíz, without forgetting finally the general theoretical framework, which begins with Alfred Marshal and Joseph Alois Schumpeter, followed by many others; Waite, Scherer, Ross, Nicholas, Chandler, Hanks, Weinzimmer, Delmar, Storey, Davidsson, Gartner, Sexton, Butler, Hansen, Jarillo, Covin, Slevin, Low, MacMillan, Flamholtz, Randle, Davidsson, Wiklund, Becattini, Trullén, Dei Ottati, Audrechst, Feldman, Margrit, Müller, Colli and Rose.

The paper is divided into sections, each focusing on one of the main aspects of the subject. Following this introduction, we then go on to examine the efficiency and competitiveness of small and medium-sized enterprises (SMEs). The next section provides an overview of the dynamics of Spanish industry in the period, leading into a discussion of the importance of small and medium-sized firms in the golden age of the Spanish economy with the Ine data, providing a picture of their presence in different industries. We conclude with the importance of the SME in economic growth.

2. Competitiveness and efficiency of SMEs

First of all we point out the importance of the large firms that Alfred Chandler explained, that is, the normal evolution of industrial enterprises will tend towards concentration in a mature sector, for a number of reasons[2]. In the first place, the financial capacity of large companies makes it easier for them to gain access to advanced technologies. Secondly, these firms are in a position to deploy more resources in management, and they have enormous power to attract consumers through advertising. Perhaps the best example of this is Coca-Cola. Similarly, large companies enjoy competitive advantages in terms not only of economies of scale and absolute costs, but also of product differentiation and the potential for diversification. They are also better able than smaller enterprises to compete in international markets and to apply resources to R&D investment. On this last point, however, we may note that firms at the cutting edge of technology often do not tend to grow much in size, because technological dynamism is largely incompatible with an outsize organization. R&D intensive sectors thus tend to encourage the emergence of new firms, which are usually small. Schumpeter described how innovation increases the size of a firm and technological change intensifies in line with the concentration of the market. Similarly, empirical studies of technological entry barriers show that the presence of small firms and their contribution to R&D are of scant relevance[3]. Consequently, firms' size and innovative activity are positively associated. Cebrián has explained that large companies have a greater capacity to generate the cash flow necessary to undertake research, which generally involves high costs and significant risks[4].

There is a minimum efficient size, which is the main technological factor determining the distribution of firm size and the level of concentration in

[2] A. Chandler, 1977.
[3] See T. Nicholas, 2003, pp. 1023-1058 and N. Villalba, 2005, pp. 5-28.
[4] M. Cebrián Villar , 2005, p. 23.

any given industry. This depends, in the first place, on capital intensity, which is an essential factor conditioning the distribution of size. A second factor is the openness of the market, which benefits large firms due to economies of scale. Furthermore, open markets stimulate competition, eliminating the least efficient small enterprises and impelling concentration as a means for firms to achieve efficiency gains and stay in the business in question[5].

Monopolistic businesses are the best placed to reap the rewards of innovation, and this heightens the incentive for R&D initiatives when there is a chance to control the market. However, the absence of competitive markets, or control of a commanding market share, discourages technological change, because the incumbent feels no threat from the entry of new competitors. This tendency is more evident where entry barriers are high. As Cebrián argues[6], large firms generally innovate more in highly concentrated industries with significant entry barriers, while small firms are more innovative in competitive markets. Likewise, the size of firms has a bigger impact on innovation rates in markets displaying low levels of technological opportunity. Consequently, where capital costs and entry barriers are high, small firms make only a limited contribution to innovation. Obviously, the need to build plants of a minimum efficient size entails high costs, which constrains the presence of small firms, especially in the area of process innovation.

Nevertheless, the theory struggles to explain the role of small and medium-sized firms in certain industrial sectors and the reality is that SMEs are very important and make up a great part of the industry. Thus, while economic theory holds, in principle, that large firms conduct industrial activities more efficiently (despite all the qualifications made), the reality is that many industrial sectors are in fact highly fragmentary. Gourvish points out that Alfred Chandler practically did not analyse them[7]. The theoretical discussion of the importance of SMEs has been extremely topical in the last two decades[8], there is a high variety of explanations for the success of these companies[9], Sexton directly measured success of SMEs with the growth that can be achieved in different ways, with vertical integration, related or unrelated diversification, licensing obtained, alliances or joint ventures[10]. Another option for growth is network-based internationalization[11]. This achievement of small and medium enterprises

5 F.M. Scherer and D. Ross, 1990.
6 M. Cebrián Villar, 2005, pp. 24-25.
7 T. Gourvish, 2005, p. 28.
8 See G.N. Chandler and S.H. Hanks, 1993; L.G. Weinzimmer, P.C. Nystrom and S.J. Freeman, 1998; F. Delmar, 1997; D.J. Storey, 1994.
9 F. Delmar, Davidsson and Gartner, 2003.
10 See D.L. Sexton, 1997, p. 97; also J.G. Covin and D.P. Slevin, 1997 and M.B. Low and I.C. MacMillan, 1988.
11 J.E. Butler and G.S. Hansen, 1991; J.C. Jarillo, 1989.

is difficult to measure due to the variety of possible statistics to be used: sales, assets, employment, market share, profits and supplies[12]. The growth is related to success but also leads to new situations that may jeopardize the company[13], so it is one of the great dilemmas for SME growth, that while the benefits are undeniable, there also remains a rather negative view concerning growth[14]. One of the main developments for SMEs is the industrial district studied by Alfred Marshall. We can highlight Giacomo Becattini among others, to spell out that the production activities are achieved not only in a single company – big business – but SMEs can achieve it by concentration in one place[15]. Therefore, to a certain extent it solves the problem of the economies of scale, but generates a high dependence on external conditions. Becattini explained that the industrial district is a special entity created by a group of companies in a space that is integrated for mutual benefit[16]. Dei Ottati pointed out that those competitive advantages in merging these companies also serve the social embedding necessary for their integration[17]. As Marshall determined, the conditions allowing the development of an industrial district are: a trained and specialized workforce, efficient organization among firms to achieve competitive production, and high capacity for innovation and flexibility[18]. Also of great importance are the clusters that are evaluated as most innovative and have a more intensive process of internationalization[19], for example, Margrit Müller, when she analysed Swiss companies, found that although there was a predominance of big business in the process of internationalization, SMEs now appear to be the most important[20]. Paloma Fernandez discussed the Spanish metal sector where she explains that cooperation predominated in the small and medium-sized family businesses that follow the guidelines outlined by Anna Grandori and Giuseppe Soda or Mark Granovetter and Mark Casson[21]. These follow a way of regulating interdependence between different companies that complement each other, subject to vertical integration with rules that are not exclusively economic, but incorporate elements such as personal and regional affinity. That is in no way unique to this case but it is reproduced in many other States, such as those explained in Colli and Rose[22].

[12] F. Delmar, 1997.
[13] E.G. Flamholtz and Y. Randle, 1990.
[14] P. Davidsson, 1989; J. Wiklund, P. Davidsson and F. Delmar, 2003.
[15] J. Trullén, 2007, pp. 17-31.
[16] G. Becattini, 1991, pp. 51-65.
[17] G. Dei Ottati, 2006, pp. 73-87.
[18] A. Marshall, 1890 and 1919, chapters 10 and 8.
[19] D.B. Audrechst and M.P. Feldman,1996; J.M. Valdaliso, S.M. López, A. Elola and M.J. Aranguren, 2009.
[20] M. Müller, M. Hiestand, R. Leu and M. Lüpold, 2009.
[21] P. Fernandez Pérez, 2006, p. 71.
[22] A. Colli and M.B. Rose, 2003, pp. 28-64.

In short, the reality is that there are many efficient small and medium enterprises. Multiple reasons seem to explain this evidence in the Spanish case. First, in an initial market there are abundant numbers of small competitors who mostly lack market power, so theoretically there is pure competition. Since Spain had a strong economic boom in the 1960s, it is likely that this phenomenon is visible in some industrial sectors, although in that period it was rather through imported technology in the form of purchase of equipment, machinery and patent sale or rent. It followed the general pattern of a country that had the ability to copy and import technological advances of the more developed economies. So in a first phase of development, small businesses, where owner and manager work together, the passage of time could lead to the formation of large business groups, as might be the case of Inditex, S. A. and its owner Amancio Ortega. Secondly, small businesses have the advantage of independence in decision making, which is a great privilege, but the cases are also included of those who are subject to action by large companies for their involvement and dependence on the latter. An example of this is small companies that manufacture parts and auxiliary equipment for the motor giants. Clearly, these decide directly for them. The third reason that explains the role of SMEs is found in labor costs, with wages lower than for workers in large firms and a lower level of Social Security contributions, lower labor disputes, low levels of unionization, abundance of part-time workers or use of female labor, which involves even poorer salaries. Other advantages include trust in family firms and diseconomies of scale as well as the legal weakness in the Franco era. Finally, to justify the presence of SMEs, we must also consider factors apart from economic efficiency. This is the case with the toughness of some small businesses that develop in the market and are sometimes even accepted or permitted by the major ones.

In this paper, the size of firms is indicated by Ine data referring to the employee headcount, which in turn allows us to determine the level of concentration in a given industry and reveals the level of entry barriers and the dynamics of the sectors concerned. These are small and medium firms up to 50 employees. Based on Herfindahl's index, large firms existed in the oil industry, mining and shipbuilding, in the period analysed (1959-1975). However, the source used does not provide data on the formation of industrial groups, but only the number of companies in a given industry. This gap can nevertheless be partly filled, because the process was significantly slower in the period considered than in the present day[23].

[23] M. Buesa and J. Molero, 1998, pp. 71-83.

A fine example of success is the case of the Spanish footwear industry. In a sector dominated by SMEs, this was one of the fastest growing industries of the 1960s. The spectacular export growth achieved after 1960 (annual average of 41.5 per cent) made footwear manufacturing into one of the country's leading industries[24]. This process contrasts with the theoretical principles referred to above, because the industry developed its export business despite being structured around small and medium-sized firms[25]. Also the government was involved in training entrepreneurs in order to attain the necessary know-how for the development of firms. This was of great importance, as we will see for the SMEs.

The Comisión Nacional de Productividad Industrial (Cnpi) was created for just this purpose, publishing a range of journals such as *Productividad*, *Boletín de Información* and *Selección Técnica*. The commission also made 16 films illustrating new methods of business organization and translated a further 55 foreign productions. Its activities were in fact similar to those of similar European bodies, but with a lag of some ten years. Between 1953 and 1960, the Cnpi published 18 books on the subject of business administration, the majority translations of American works, as well as 8 studies of productivity in various industries, a range of titles in the field of work organization and a multitude of short handbooks and booklets. The creation of the Escuela de Organización Industrial in 1957 represented a qualitative leap in the training of small and medium entrepreneurs. At the first meeting of the Commission, held in November 1952, the then minister of Industry, Joaquín Planell, pointed to the coal, textile and footwear industries as the most appropriate targets for the new body to begin its advisory work in, given the importance of these sectors to output and the improvement of living standards. Interestingly, small and medium-sized firms predominated in two out of the three sectors the minister singled out.

In the footwear industry, one of the most fragmented, firms' initial response was to ignore the government's productivity campaign. What really concerned entrepreneurs in the early 1950s was not the low level of labor productivity, given the absolutely rock-bottom wages paid, but economic stagnation and the difficulty of obtaining basic inputs. This trend slowly changed, however, eventually awakening interest in training issues.

The measures adopted to encourage business training included fostering contacts with American distribution experts (such as Herbert V. Sproat, Louis G.

[24] G. Tortella, 1994, p. 286.
[25] J.A. Miranda Encarnación, 1998.

Feman and John W. Goodes) with a view to raising productivity, modernizing industry and promoting exports. Attendance at trade fairs, the creation of manufacturers' associations and the organization of conferences and courses in the field of exports were all encouraged. The reports prepared by the foreign specialists unambiguously diagnosed the obstacles in the path of productivity gains, namely: 1) the small size of footwear manufacturers, which prevented them from fully mechanizing production or establishing an appropriate division of labor; 2) the excessive product diversity at factories, limiting the productivity of both capital equipment and labor; 3) the difficulty of obtaining secure supplies of inputs, in particular cut soles; and 4) the lack of any clear business strategy.

Meanwhile, the basic approach taken by both small and large firms was to pay royalties to gain access to new technologies, although they commonly arranged visits to foreign plants to learn their methods, or invited foreign technicians to provide instruction on site at Spanish factories, thereby maintaining ties with the technology providers through technical support agreements[26].

3. The dynamics of SMEs in Spanish industry from 1959 to 1975

Following the implementation of the 1959 Stabilization Plan, an expansive cycle took hold in Spanish industry. Two stages may be discerned here, coinciding with the evolution of the main variables of the Spanish economy. Progress was especially rapid until 1966 and more moderate in the ensuing years[27]. In general terms, industry was the engine of this rapid economic growth, not only because the pace of expansion was faster than in other sectors, but also because of structural changes in the Spanish economy. Thus, the share of industry in GDP increased continuously and significantly over this period. This was a structural change, as industry's share in total employment and output rose sharply to the detriment of agriculture, with the industrial labor force increasing from 2.6 to 3.6 million between 1960 and 1974[28].

This growth in industrial output basically went to meet domestic demand, exports and intra-industrial demand. It is known that final demand from domestic consumers varied sharply, in accordance with Engel's law. Thus, food

26 M. Cebrián Villar, 2005, p. 20.
27 J.M. Matés, 2006, p. 751.
28 A. Carreras and X. Tafunell, 2004, p. 343.

and beverages, tobacco and, to a lesser extent, clothing and footwear accounted for 70 per cent of families' expenditure in 1958, but had fallen to 47.2 per cent fifteen years on. High income elasticity goods, in contrast, included health and leisure services, household improvements and maintenance, consumer durables (such as furniture and white goods) and domestic service. The largest relative increase in expenditure was on transport and communications[29].

Exports, meanwhile, made only a modest contribution to this industrial expansion, and it was only by the end of the 1960s that sales abroad started to rise. If Spain had been an exporter of farm products at the beginning of the Franco era, by the time of the dictatorship's demise it had become an exporter of industrial products. Fully half of these exports consisted of manufactured consumer and intermediate goods, and a further sixth of capital goods. Following the Stabilization Plan, foreign demand became a growth factor, and whereas just 3.8 per cent of total output was exported in 1962, this had risen to 7 per cent by 1970, a still modest but nonetheless significant figure[30]. Finally, the same scholars have stressed the fact that industry was able to create its own market and achieve continuous expansion.

In any event, the acceleration in industrial output differed widely from one sector to another. This resulted in a significant gap between the slowest growing industry (6.8 per cent in the food, beverages and tobacco group) and the fastest (16.1 per cent in chemicals). The most dynamic industries, with growth rates of 13 per cent or more, were chemicals, metallurgical products and mechanical construction, non-metallic minerals and rubber and plastics[31]. These changes can also be viewed from a different angle, as shown in chart 1, where the contrast between the first two columns clearly reflects the shift in industrial specialization over the period.

The same authors' reading of the data presented above is most interesting. In the first place, the food industry was the leader in terms of output in 1960, but it had slipped to third place thirteen years later after a 6 per cent fall in its relative share. Something similar could be said of the textile industry, while mining also lost ground. The loss of share in these cases is clearly visible in the Ine statistics which, on the one hand, reflect very slow growth in the output of SMEs in the food and beverages sector and, on the other, evident stagnation among mining concerns. In contrast, metal products and the manufacture of transport equipment stand out among the industries that succeeded in rais-

[29] A. Carreras and X. Tafunell, 2004, p. 345.
[30] A. Carreras and X. Tafunell, 2004, pp. 346-347.
[31] A. Carreras and X. Tafunell, 2004, pp. 350-351.

Chart 1. **Breakdown of industrial output at factor cost (1960-1973)***

	1960	1973	Hypothetical composition, 1973
Mining	5.86	4.13	1.68
Food products, beverages and tobacco	15.77	9.93	9.73
Textiles	11.33	5.76	5.08
Clothing and footwear	5.91	8.84	5.13
Wood, cork and furniture	5.84	5.32	3.56
Paper, printing and publishing	3.89	5.37	4.10
Chemical industries	9.63	7.16	11.90
Stone, clay, glass and cement	3.86	5.49	6.80
Basic metallurgical industries	6.66	7.82	10.06
Metal and mechanical products	13.45	16.11	19.95
Transport equipment	6.61	10.96	10.94
Sundry industries (leather and rubber)	3.67	6.17	4.13
Electricity, gas and water	7.53	6.95	6.92
General (excl. construction industry)	100.00	100.00	100.00

** Percentages at current values.*

Source: A. Carreras and X. Tafunell, 2004, p. 352.

ing their relative share. Emerging industries also include clothing, footwear and the sundries group, especially rubber. It is striking that chemicals was the fastest growing industry in this period, as mentioned above. As Carreras and Tafunell point out, however, the image reflected in the first two columns of the chart is significantly conditioned by the evolution of relative prices, because the values for each column are calculated at 1960 and 1973 prices, respectively[32]. However, the main driving force behind the rapid industrial growth in this period was the increase in productivity. In fact, prices were generally falling, if not in absolute then in relative terms, in the industries that made the greatest productivity gains. The third column reveals the influence of these variations in relative prices. The exercise consists simply of estimating what the contribution of each industry to output would have been if the price structure had remained unchanged, which means calculating sector output at 1960 prices. In this case, we may observe that the metallurgical and mechanical industries, as well as chemicals and related industries, made up the core group of fast-growing industries.

[32] A. Carreras and X. Tafunell, 2004, pp. 353-354.

In addition to the general increase in demand, we should also mention as part of the explanation for the industrial growth of this period that the State relaxed its stranglehold on imports of basic inputs at this time. Likewise, investment rose, boosting the capitalization of industry. Thus, capital formation increased at an annual average rate of 7.9 per cent in the period 1964-1970 and at a rate of 4.5 per cent between 1970 and 1974[33]. Meanwhile, foreign direct investment, together with imports of capital goods, acted as a channel for the penetration of more advanced techniques and management methods. In general terms, this increase in investment served little by little to replace labor with capital, while improved techniques and organization simultaneously reduced not only the need for labor but also for capital per unit of output and value added[34]. Finally, Spain started to export more with a growth of 13.7 per cent between 1964 up to 1973, thus being one of the countries with the highest growth in exports in the world during that period and 64 per cent in 1973 were of manufacture goods[35]. Those exports went mainly to the European Common Market (average 50 per cent) and more than 10 per cent to United States[36].

Also it is relevant to point out that this development occurred in a highly interventionist market. A number of studies have highlighted the obstacles to the creation of new firms in the Spanish economy of the time[37]. The Ministry of Industry and Trade exercised strict, discretional control over licenses, at the same time as channelling investment towards chosen sectors. In order to adapt, entrepreneurs opted mainly for small-scale ventures, where they faced less administrative problems.

Essentially, the emergence of numerous small businesses in Spain in the 1940s and 1950s is explained by two factors, both in response to the economic policy followed by the dictatorship[38]. Thus, the high level of protectionism and the policy of import substitution encouraged the creation of small firms, while the regulation of industrial investment favored micro-ventures. Meanwhile, the thicket of regulation and lengthy bureaucratic procedures raised business costs, a problem that was compounded by the uncertainty inherent in the Ministry's discretional power to award or withhold licenses and permits. From the outset, these factors, not to mention the oligopolistic conduct of the

[33] C. Barciela, M.I. López, J. Melgarejo and J.A. Miranda Encarnación, 2001, p. 415.
[34] C. Barciela, M.I. López, J. Melgarejo and J.A. Miranda Encarnación, 2001, pp. 415-416.
[35] J.A. Alonso, 1989, p. 297.
[36] A. Tena, 2005, pp. 616-617.
[37] L.E. Pires, 2005; R. Moreno Fonseret, 2003 and E. Torres, 2003b.
[38] J.M. Matés, 2000.

Spanish economy, hindered the emergence of new initiatives and exercised a baleful influence on the smallest firms[39]. Nevertheless, such enterprises faced less difficulty in obtaining the necessary permits to carry on their business, since controls were laxer and it was easier to escape the prevailing climate of interventionism. This group of businesses included the industrial «craft workshops», which generally operated with a starting capital of less than 50,000 pesetas and a headcount below 25 workers. Where such firms did not need to import machinery or scarce raw materials, approval for their formation would be waved through without excessive procedure. After 1945, moreover, the outlook for the economy became more positive. At the end of the Second World War, the Spanish government enacted legislation that was more favorable to business start-ups. Thus, the Act of 15 May 1945 granted tax exemptions for new firms operating in the generation of electricity, the manufacture of nitrogen-based products and mining[40].

Pires provides numerous examples to illustrate the willingness of the authorities to grant licenses to small firms, even where they needed scarce raw materials and foreign currency, or expected to operate in already saturated industries[41]. In such cases, it was argued that the small size of these ventures would have no impact on the rest of the sector. Meanwhile, small entrepreneurs were wary of upsizing their businesses in view of the uncertain licensing process, and they generally preferred not to outgrow the original size of the venture.

In short, then, regulation, suffocating interventionism and the opportunities offered by the policy of autarky, which to some extent continued until the 1960s, encouraged the appearance and development of a large number of SMEs in the industrial sector.

Despite the still strict regulation of industry, licenses for the creation of new SMEs became relatively easy to obtain after 1959. Rapid growth in the 1960s favored this trend, while general economic development opened up new business prospects for numerous small and medium-sized entrepreneurs[42]. A significant increase in the number of firms may be observed in the 1960s, particularly between 1964 and 1967. This seems to be related with substantial earnings growth, which swelled to a cumulative annual rate of 10.36 per cent in this period. Various factors favored this trend, including the opening up of foreign relations, US financial aid and a certain relaxation of the once unbending policy of autarky. The combined effects of this new policy led to

[39] M. Cebrián Villar, 2005, p. 13.
[40] E. Torres, 2003a, pp. 175, 183.
[41] L.E. Pires, 2005, p. 160.
[42] E. Torres, 2003a, p. 213.

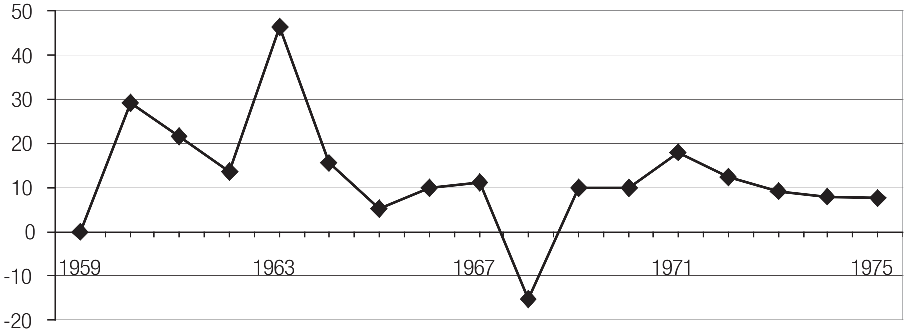
an increase in the level of investment and industrial output. The high level of interventionism in industry directed development towards the domestic market and prevented open competition. This situation, however, had negative effects for the process of industrial specialization and competitiveness. Despite the progress made in the 1960s, labor productivity in Spanish manufacturing was still below 70 per cent of the OECD average in 1975. Meanwhile, protectionism provided favorable conditions for the existence of small firms that were scarcely in a position to adopt new technologies or benefit from economies of scale. Policy measures to foster industrial concentration failed to halt this trend, even generating situations of underemployment and low productivity[43].

3.1. The position of small and medium-sized firms in Spanish statistical reporting

Apart from its increasing dependence on foreign technology, Spanish industry in this period sheltered behind high tariff walls. As a result, the industrial sector based development on the domestic market, as we have already mentioned, where competition from imports was very limited, although this had detrimental effects on specialization and productivity gains, as well as competitiveness. Protectionism slowed productivity gains in Spanish industry, helping the survival of firms that were too small to benefit from the available technologies or achieve economies of scale. According to Carreras and Tafunell, the 1960 tariff allowed Spanish industry to produce goods for the domestic market at much higher prices than those prevailing internationally[44]. Furthermore, the tariff increased further over the following 16 years according to Ine statistics, a situation that was highly satisfactory for SMEs. As a general perception, then, small entrepreneurs could not be other than well pleased with the evolution of business. Their growth was faster than that of industry as a whole, 10 per cent at this time[45], which implies more rapid development among small and medium-sized than large firms (graph 1). As we are using aggregate data that are not broken down by industries, it is evident that this reality must fluctuate positively or negatively in individual industries, and it is unquestionable that the reality of some sectors was far from bright. For industry as a whole, however, the situation was highly positive, and it would therefore appear that

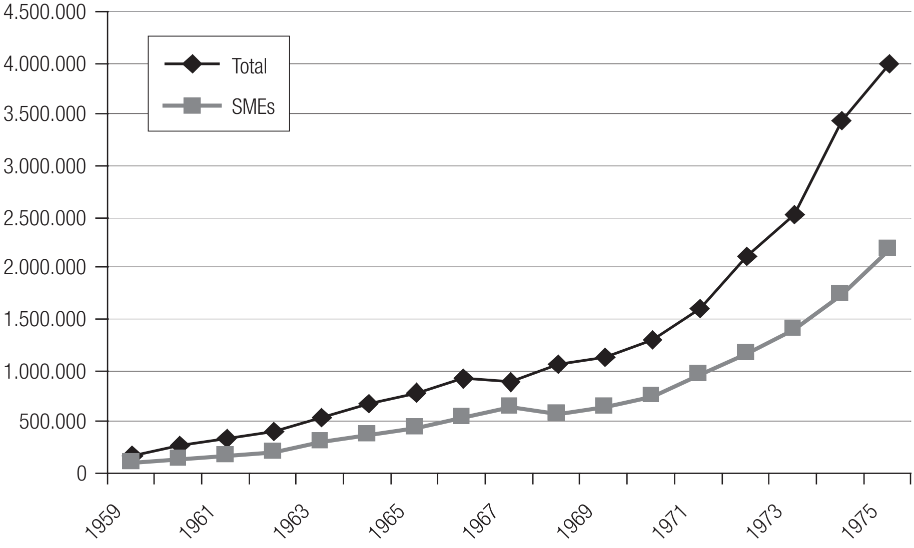
[43] C. Barciela, M.I. López, J. Melgarejo and J.A. Miranda Encarnación, 2001, p. 431.
[44] A. Carreras and X. Tafunell, 2004, p. 333.
[45] J. Donges, 1976, p. 158.

Graph 1. **Annual growth of industrial SMEs, 1959-1975 (% of the industrial sector)**



Source: our elaboration. Instituto Nacional de Estadística (1959-1975): Estadística Industrial, Madrid, Ine.

Graph 2. **Output of small and medium-sized firms compared to total output**



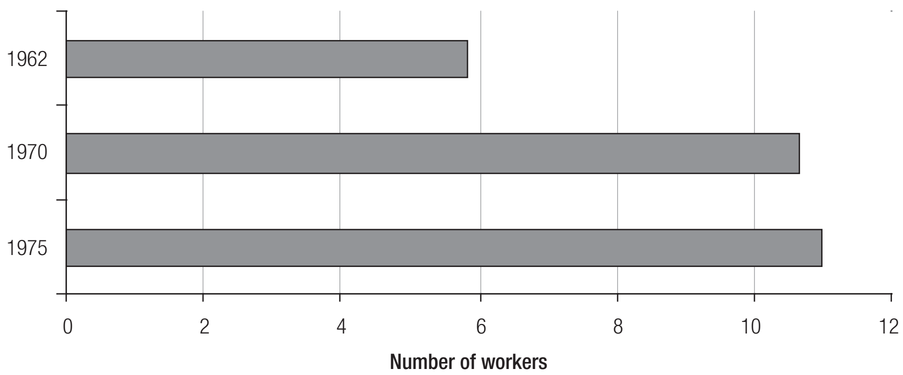
Source: Instituto Nacional de Estadística (1959-1975): Estadística Industrial, Madrid, Ine.

there was no pressing need for firms to increase in size. The National Statistics Institute's data reveal that the very smallness of small and medium-sized firms provided the opportunity for higher earnings over this period, despite the higher risk involved.

In any event, the importance of SMEs in relation to Spanish industry as a whole gradually declined, although small and medium-sized firms retained a pre-eminent position even at the end of this period (graph 2).

If protectionism was one reason for the resilience of small and medium-sized enterprise, the dwindling effects of the flexibility measures implemented in 1959 meant, as Manuel-Jesús González has argued, that policy outcomes were hardly spectacular in terms of reducing the number of industrial smallholdings, which remained very numerous at the end in 1975[46]. In 1959, the Ine's industrial statistics showed that 95 per cent of the 120,000 firms counted had fewer than 50 employees and 79 per cent fewer than ten. In 1975, 97 per cent of industrial establishments in Spain employed fewer than 50 people, and the average headcount was 11 employees (graph 3)[47]. A contemporary study revealed an industrial structure in which extremes predominated, made up largely of firms with over 500 employees or fewer than 50. This report concluded that the percentage of firms with fewer than 50 employees was excessive in most industries except steel-making, mining and shipbuilding[48]. Far from declining, then, the fragmentation of Spanish industry had actually increased over the years. The small size of many of these firms was a root cause of under-employment and very low levels of productivity.

Graph 3. **Employees per industrial establishment in Spain (1962-1975) (average headcount)**



Source: C. Barciela, M.I. López, J. Melgarejo and J.A. Miranda Encarnación (2001), p. 396.

[46] M.-J. González, 1979, p. 317.
[47] C. Barciela, M.I. López, J. Melgarejo and J.A. Miranda Encarnación, 2001, p. 431.
[48] M.-J. González, 1979, p. 318.

New industrial legislation was enacted in 1963 under the ministry of Gregorio López Bravo with two main objectives. On the one hand, the aim was to solve the problem of the small size of Spain's industrial installations and, on the other, to reduce the regulatory burden on industry that had been a feature of autarky. As Buesa and Pires have argued, studies of the size of industrial installations began to appear at the end of the 1950s[49]. The criticism voiced in a World Bank report on the Spanish economy published in 1963 was especially significant in this regard, condemning the welter of small firms as one of the main reasons underlying the country's structural problems. Scarce capital, the narrow confines of the domestic market, isolation and, above all, government intervention all intensified the problem of fragmentation in Spanish industry at this time[50].

In the opinion of the scholars themselves, the 1959 Stabilization Plan created a favorable climate for cutting back government intervention and the overregulation of Spanish industry. According to Manuel-Jesús González[51], the Decree of 26 January 1963 was issued still in the liberalising spirit of the Stabilization Plan, but another issued on 11 March of the same year established technical conditions and minimum size requirements for the formation of new firms on the pretext of preventing industrial fragmentation. According to this author, the new regulations were not strictly enforced, but they nevertheless favored established firms, which did not have to comply with the minimum size requirements set for new ventures. It is hardly surprising, then, that entrepreneurs did not compete by cutting costs or improving product quality, but rather directed their efforts towards ensuring the application of the regulations to potential competitors.

Gregorio López Bravo sought to bring an end to the system of official licenses for the formation of new firms and corporate restructuring that had prevailed throughout the period of economic autarky, opening the way for a new scheme of industrial intervention, which was to last practically until 1980. The new system split industries into three groups. The first included those sectors in which prior official authorization was required; the second, those that were deregulated on condition of compliance with certain minimum technical and administrative conditions; and the third comprised fully deregulated industries. The new regulation thus reduced the number of industries in which prior administrative licenses were required (the first group) to a minimum.

[49] M. Buesa and L.E. Pires, 2002, p. 169.
[50] M. Buesa and L.E. Pires, 2002, p. 170.
[51] M.-J. González, 1979, p. 322.

This policy program therefore did not result in the elimination of all public intervention in industry, or even a defense of its elimination by economists. In fact, the small size of industrial firms was used to justify the inclusion of many sectors in the second group, forcing them to comply with a battery of mandatory technical conditions and minimum size requirements[52]. According to Fabián Estapé, who inspired the Decree of 26 January 1963, one of the priorities of the legislation was to prevent the emergence of undersized firms[53]. Consequently, there were two key conditions for the new regulatory framework. In the first place, it had to be supplemented with other industrial policy measures, above all to promote concentration, mergers and the formation of business groups. In the second, flexibility was needed to allow room for adaptation to circumstances. In any event, these efforts to make the Spanish economy more flexible were soon foiled. Thus, the liberalizing spirit of Law 152/2 December 1963, originally enacted for this purpose, gradually faded as secondary legislation was enacted, and the liberalizing drive of 1959 had all but petered out by 1966[54].

It is not surprising, then, that the sector restructuring plans launched in the 1960s were applied to industries suffering severe structural problems, largely due to the fragmentation of output. These schemes involved programs for the concentration of firms intended to establish production units of a sufficient size by offering incentives. This would allow the new companies to reap the benefits of economies of scale, improve technology and raise output. Nevertheless, little was achieved to solve the fragmentation of Spanish enterprise, and such efforts as were made were patently inadequate, considering that concentrations up until 1973 affected fewer than 1,300 firms, a very small figure. The scant attention to this matter seems to have been due to the ineffectiveness of the Franco-era bureaucracy, which weakened the impact of the incentives, intended to foster business concentration. Official procedures to obtain aid were slow and costly, while labor legislation hindered job restructuring at every turn. Meanwhile, high tariff barriers co-existed with the survival of restrictive practices in the domestic market. The combination of these factors favored the viability of small and medium-sized firms to the detriment of large business groups[55].

According to Buesa and Pires, the share of small firms in industrial employment neither rose nor fell between 1963 and 1974, and the minimalist poli-

52 M. Buesa and L.E. Pires, 2002, p. 170.
53 F. Estapé, 1964.
54 M.-J. González, 1979, p. 323.
55 C. Barciela, M.I. López, J. Melgarejo and J.A. Miranda Encarnación, 2001, pp. 395-396.

cies implemented proved insufficient overall to achieve the goal of increasing the size of Spanish firms[56]. In any event, outcomes were uneven in different industries, regardless of mandatory licensing requirements. In some sectors, the share of companies with very low headcounts did indeed fall. Among regulated industries, for example, this was the case in the manufacture of alcoholic beverages, fireworks, paper products, chocolate, garments, sundry food products and tanneries. In deregulated industries, the same effect is found in the manufacture of paraffin and wax, leather goods and secondary wood manufacturing. In others, however, the problem merely worsened. In the group of regulated industries, this was the case with the manufacture of cork products, cooperage, plaster, sundry fibers, recycled products, veneers and boards, and non-ferrous metals; among deregulated industries, we may mention adhesives and fixing agents, pimento and olives. According to these authors, the dynamics of all industrial segments were dependent less on the application of policies aimed at the creation and restructuring of industries than on the assumption that the true goals of the regulatory framework were something other than the declared aims. Basically, this consisted of the notion that regulation would eventually be used as an entry barrier against new competitors[57].

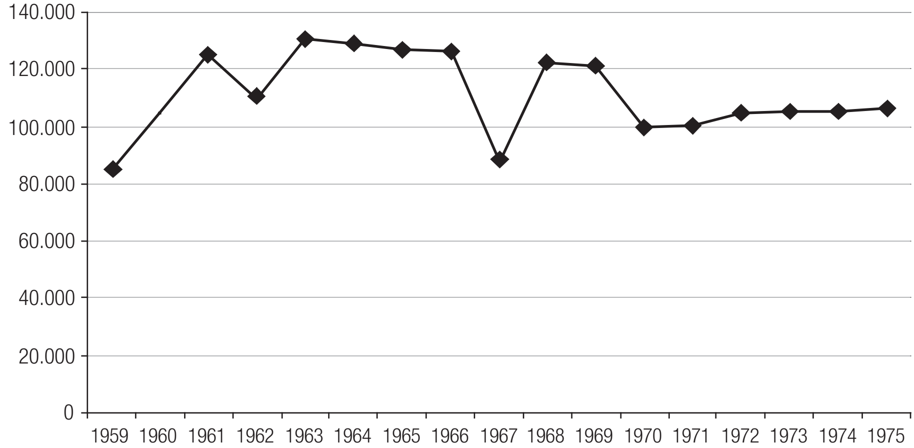
Ine statistics reveal the importance of SMEs in the context of Spanish enterprises in quantitative terms. Evidently, the existing trend only intensified between 1959 and 1961 as a result of the new policy introduced by the Stabilization Plan. After a brief decline in the first two years, the number of small and medium-sized firms again evened out. The economic slowdown of 1967 had a marked impact on SMEs, although recovery was quick and continued until shortly before the crisis of the 70's.

Despite the small fluctuations in the total number of small and medium-sized firms reflected in graph 4, the stability of their role in the Spanish economy is clearly visible. The preference for this model among economic agents is indicative, on the one hand, of a certain confidence in the market, and on the other of the soundness and resilience of SMEs across industries.

The rate of SME output growth is similar to that for Spanish firms taken as a whole, confirming their important, indeed decisive, role during the period of economic development (1960-1975). In the latter years, however, we may observe a certain slowdown due, in the first place, to the difficulties experienced by small and medium-sized firms in achieving economies of scale and, in the second, to a certain slowdown in the development process itself.

[56] M. Buesa and L.E. Pires, 2002, pp. 176-177.
[57] M. Buesa and L.E. Pires, 2002, p. 179.

Graph 4. **Number of small and medium-sized firms (1959-1975)**



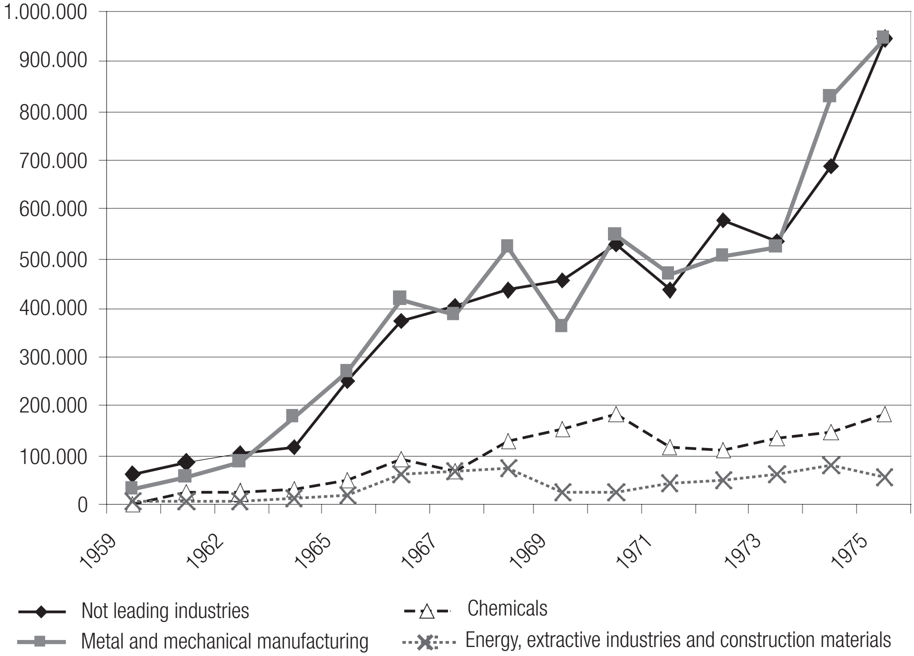
Source: Instituto Nacional de Estadística (1959-1975): Industrial Statistics, Madrid, Ine.

3.2. The presence of small and medium-sized firms in different industries

Graph 5 illustrates the preponderance of small and medium-sized firms in consumer goods industries, as well as in the manufacture of metal and mechanical products. In contrast, SMEs were comparatively rare in mining, energy and construction materials. Footwear stands out among the first group (consumer goods) with 2,282 in 1975 employing an average of 24 people. The development of the textile industry was similar with some 2,538 garment makers, 1,328 knitwear manufacturers and 590 firms in the wool industry. The food industry, meanwhile, remained in the hands of small and medium-sized firms at the end of the period. The figures for the different sub-sectors within this group illustrate the predominance of SMEs overall with some 2,933 independent olive-oil mills, 1,276 firms operating in the general foods segment, 1,273 meat packers, 696 flour mills, 471 firms producing animal feeds, 459 dairy products manufacturers, and so on. According to Ine statistics, the timber industry was also highly fragmented, as well as wood manufacturing (furniture), where activity was structured around 28,763 small firms employing just six workers on average, although these enterprises enjoyed high levels of productivity. Finally, the metal products were still dominated by some 18,000 small and medium-sized firms with an average of 29 employees in 1975 according to the Ine.

The scant presence of small and medium-sized firms in the mining industry

Graph 5. **Output of small and medium-sized firms by industrial sector, 1959-1975 (millions of pesetas)**



Source: Instituto Nacional de Estadística (1959-1975): Estadística Industrial, Madrid, Ine.

is all the more apparent if the comparison is made against the total for this sector. Economies of scale, large investments in technology, uncertainty and the very magnitude of mining activities at both the financial and the technical level were factors that discouraged the presence of small entrepreneurs in this industry.

In contrast, small and medium-sized firms were strongly positioned in the food and beverages industry, despite the arrival of multinational concerns in various segments and the concentration that took place in the early 1960s. Small firms dominated the canning industry in both fish and vegetables. The high levels of exports achieved by both branches allowed these firms to establish themselves firmly in European markets. The meat sector, meanwhile, underwent intense growth in the number of small firms, despite the appearance of major food groups[58].

[58] J. Nadal, 2003, p. 246.

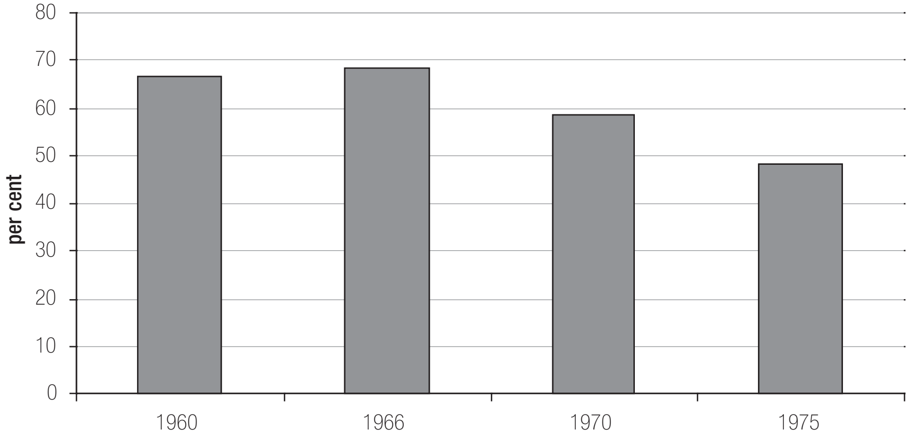
In the group of consumer goods industries, small and medium-sized firms were strongly positioned in footwear and textiles. The footwear industry in particular was dominated by the massive presence of small firms. Caution is needed in the study of this sector, however, given the high rates of clandestine and informal activity, basically due to the size of the industry's firms. These had experienced great difficulty in surviving during the hard times of autarky, because of restrictions on imports of raw materials and power shortages. Many folded for lack of inputs and the constriction of the market. Government intervention relaxed after 1950, however, and business found it easier to gain access to the leather market. At the same time, Spanish society was gradually feeling the improvement in purchasing power, with the result that annual growth in the footwear industry rose to 6.5 per cent. This interim phase was the prelude to extraordinary growth from 1959 onwards, which was to make Spanish footwear a benchmark for exports. In 1960 sales abroad accounted for 400,000 pairs of shoes, but by 1967 this figure had soared to 10 million (15 per cent of output) and by 1972 to 50 million (half of output). Annual growth rates between 1960 and 1974 were over 10 per cent. In 1975, Italy and Spain, in that order, led the ranking of footwear exporting countries with the United States as their largest market[59].

Mechanized footwear factories were generally medium-sized firms with between 25 and 50 employees. Large firms with over 200 employees also existed, especially in Elda and Elche (Alicante). Meanwhile, firms manufacturing shoes manually consisted of small workshops employing no more than 10 people, who were generally members of the family. A group of intermediate firms also existed, which had mechanized a part of the manufacturing process but finished the product manually. These normally had fewer than 50 employees[60].

The spectacular growth of the footwear industry was the result of a combination of factors. Firstly, the liberalizing policy of the early 1960s favored exports, together with the devaluation of the peseta in 1959. Second, but no less important, was the spirit of enterprise among the «artisans» of the Valencia region, who were prepared to take the plunge to become «businessmen», imitating Italian models in the search for markets and customers for their shoes. The Valencia region and the Balearic Islands were the leading centers of the industry. Valencia and its hinterland, especially the towns of Elche and Elda where numerous small firms were based, provided the majority of jobs in the industry with employment rising from 45 per cent of the total in 1958 to 56 per cent by 1978.

[59] J. Nadal, 2003, p. 337.
[60] R. Moreno Fonseret, 2003, p. 183.

Graph 6. **SMEs of total employment**



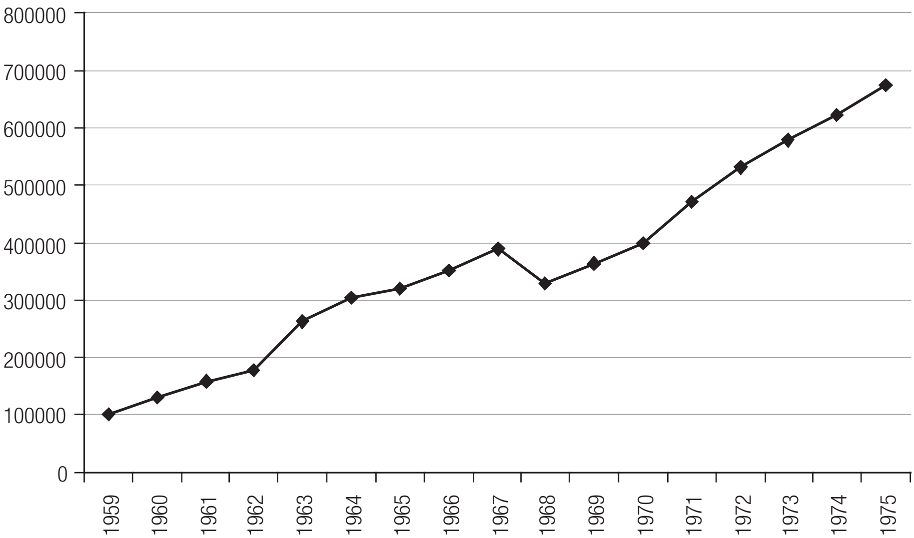
Source: Instituto Nacional de Estadística (1959-1975): Estadística Industrial, Madrid, Ine.

Study of the textile industry is affected by the same problems as footwear, namely a profusion of informal workshops and business units, the small size of many ventures and, finally, the very large number and varying size of firms. Industrial census data reflect a decline in the number of workers employed in the textiles industry between 1958 and 1978. Output also fell, but not to the same extent, with a decline of just 7 per cent compared to 42 per cent for jobs between 1955 and 1975. These data reflect restructuring in the textile industry during this period. In contrast to the downturn affecting firms in the cotton and wool segments, knitwear gained strength. The small firms that dominated the segment were able to adapt to new fashion cycles and acquired modern machinery that was faster and more efficient (circular looms, Kett, Cotton and knitting machines). This industry was centered on Barcelona in the 1960s, particularly in the districts of Mataró, Igualada and Tarrasa. However, it also extended to other regions, such as Galicia, Madrid, Murcia, La Rioja, Toledo and Valencia[61].

Finally, to understand the general importance of the SMEs we can see graph 6 where it shows the relevance in percentage of these companies in employment. The drop of 1975 is more related to the change of the statistics in 1972 where they changed all the repairing of industrial consumer goods to services, so that it was practically 9 per cent between 1971 and 1972.

[61] J. Nadal, 2003, pp. 336-342.

Graph 7. **Production in million pesetas of 1959 (constant) of SMEs**



Source: Instituto Nacional de Estadística (1959-1975): Estadística Industrial, Madrid, Ine.

And the growth that was achieved by these SMEs perhaps led them to decide not to change because they were doing well in their own terms, see graph 7.

4. Conclusions

Competitiveness and efficiency in firms is one of the core debates in economics. The data of the Ine contributes to broaden the analysis. The Spanish case between 1959 and 1975 strengthens the important role of the SMEs in economic growth and contributes to the theoretical debate between SMEs and big firms.

Licenses for creation of new SMEs became relatively easy to obtain after 1959, and a large number of these firms started up across the whole range of industry, but particularly in consumer goods (textiles, food, beverages, tobacco, paper and publishing, wood, furniture, cork products and, especially, footwear). They also played an important role in metal and mechanical manufacturing. In contrast, small firms were much less relevant in industries such as chemicals, mining, construction materials and energy. Another factor in the greater development of SMEs was high tariffs, helping the survival of national firms.

Lacking many of the factors necessary to compete, firms in this period based their business models with low wages: characteristic feature of emerging economies. This allowed them to launch cheaper products on the market with a clear advantage in exports, which increased substantially during the period, with the great relevance of the European Common Market that imported 50 per cent of Spanish goods. The other factor that defined enterprise, apart from low wages, was very long working hours, with a low «hours/labor» ratio. The case of small and medium-sized firms is closely associated with the general evolution of business, where the entrepreneur received scant profits and returns. From a market standpoint, State protection of industry, which was based on traditional tariff policies, subsidies and so on, and weak domestic demand, made the country to a certain extent unattractive to foreign investors, allowing industrial activity to take off and become the main sector for expansion during the period of economic development.

As argued in this paper, small and medium-sized firms played a crucial role in this process. During the period considered, firms of this kind over 100 industrial sectors were dominated by SMEs in 1959, the figure had fallen to 86 by 1965, but it had risen again to 91 in 1975. Furthermore, this small variation can largely be explained by the changing criteria applied by the *Instituto Nacional de Estadística* in its statistical reporting. Clearly it is data that confirm what the theory discusses largely in the last decades – a greater relevance of the role of SMEs in the growth of the economies of the countries.

Finally, the major conclusion that may be drawn from the Ine income data for small and medium-sized enterprise is that these firms enjoyed the greatest growth over this period with an average growth of 12.25 per cent.

References

Alonso J.A. (1989), *El Sector Exterior*, in J.L. García Delgado (ed.), *España Economía*, Madrid, Espasa Calpe.

Audretsch D.B. and Feldman M.P. (1996), «Innovative Clusters and the Industry Life Cycle», *Review of Industrial Organization*, 11, pp. 253-273.

Bagella M. and Becchetti L. (2002), «The "Geographical Agglomeration-private R&D Expenditure" Effect: Empirical Evidence on Italian Data», *Economics of Innovation and New Technology*, vol. 11(3), pp. 233-247.

Barciela C., López M.I., Melgarejo J. and Miranda Encarnación J.A. (2001), *La España de Franco (1939-1975)*, Madrid, Síntesis.

Becattini G. (1991), *Il distretto industriale marshalliano come concetto socio-economico*, in F. Pyke, G. Becattini e W. Sengenberger (eds.), *Distretti industriali e cooperazione tra imprese in Italia*, Banca Toscana, Studi e informazioni, pp. 51-65.

Boone J. (2001), «Intensity of Competition and the Incentive to Innovate», *International Journal of Industrial Organization*, 19, pp. 705-726.

Braña J., Buesa M. and Molero J. (1979), «El fin de la etapa nacionalista: Industrialización y dependencia en España, 1951-1959», *Investigaciones económicas*, 9, Mayo-Agosto, pp. 151-207.

Buesa M. (1984), «Las restricciones a la libertad de industria en la política española (1938-1963)», *Información comercial española*, 606, pp. 107-121.

Buesa M. and Molero J. (1998), *Economía industrial de España: organización, tecnología e internalización*, Madrid, Cívitas.

Buesa M. and Pires L.E. (2002), «Intervencionismo estatal durante el franquismo tardío: la regulación de la inversión industrial en España (1963-1980)», *Revista de historia industrial*, 21, pp. 159-198.

Butler J.E. and Hansen G.S. (1991). «Network Evolution, Entrepreneurial Success, and Regional Development», *Entrepreneurship and Regional Development*, 3(1), pp. 1-16.

Cabrera M. and Rey F. (2002), *El poder de los empresarios. Política y economía en la España contemporánea (1875-2000)*, Madrid, Taurus.

Cabrera Armas L.G. and Carnero Lorenzo F. (1997), *El estudio de la inversión en España, 1886-1990: una aproximación regional*, in Actas del VI Congreso de la Asociación de Historia Económica, 9ª sesión: «La riqueza de las regiones. Análisis espacial de la industrialización», Gerona.

Camagni R. (1992), «Development Scenarios and Policy Guidelines for the Lagging Regions in the 1990s», *Regional Studies*, vol. 26(4) pp. 361-374.

Carreras A. and Tafunell X. (2004), *Historia económica de la España contemporánea*, Barcelona, Crítica.

Carreras A. and Tafunell X. (eds.) (2005), *Estadísticas históricas de España. Siglos XIX y XX*, Madrid, Fundación Bbva.

Caruana L. (2002), «La industrialización en España. Cincuenta años en perspectiva histórica», *Revista del Instituto de estudios económicos*, n. 3, pp. 1-16.

Cebrián Villar M. (2005), «La regulación industrial y la transferencia internacional de tecnología en España (1959-1973)», *Investigaciones de historia económica*, 3, pp. 11-40.

Chandler A. (1977), *The Visible Hand*, Cambridge (Mass.)-London, The Belknap Press of Harvard University Press.

Chandler G.N. and Hanks S.H. (1993), «Measuring the Performance of Emerging Businesses: A Validation Study», *Journal of Business Venturing*, vol. 8, pp. 391-408.

Comín F. and Martín Aceña P. (eds.) (1996), *La empresa en la Historia de España*, Madrid, Civitas.

Covin J.G. and Slevin D.P. (1997), *High Growth Transitions: Theoretical Perspectives and Suggested Direction*, in D.L. Sexton and R.W. Smilor (eds.), *Entrepreneurship 2000*, Chicago, Upstart.

Davidsson P. (1989), «Entrepreneurship – and After? A Study of Growth Willingness in Small Firms», *Journal of Business Venturing*, vol. 4(3), pp. 211-226.

Dei Ottati G. (2006), «El "efecto distrito": algunos aspectos conceptuales de sus ventajas competitivas», *Economía industrial*, 359, pp. 73-87.

Delmar F. (1997), *Measuring Growth: Methodological Considerations and Empirical Results*, in R. Donckels and A. Miettinen (eds.), *Entrepreneurship and SME Research: On its Way to the Next Millennium*, Aldershot-Brookfield, Ashgate, pp. 190-216.

Delmar F. and Wiklund J. (2003), *The Effect of the Entrepreneur's Growth Motivation on Subsequent Growth: A Longitudinal Study*, Academy of Management Meeting, Seattle.

Donges J. (1976), *La industrialización en España. Políticas, logros, perspectivas*, Barcelona, Oikos-Tau.

Estapé F. (1964), «En torno a una nueva medida de política económica: la determinación de dimensiones mínimas», *Economía industrial*, 4, pp. 228-230.
Fernández Pérez P. (2006), «Empresas familiares y acuerdos cooperativos en el metal español: el caso de las industrias del alambre de hierro y acero (1880-1974)», *Investigaciones de historia económica*, 4, pp. 51-76.
Fernández Pérez P., Colli A. and Rose M.B. (2003), «National Determinants of Family Firm Development? Family Firms in Britain, Spain and Italy in the Nineteenth and Twentieth Centuries», *Enterprise and Society*, vol. 4(1), pp. 28-64.
Flamholtz E.G. and Randle Y. (1990). *Growing Pains: How to Make the Transition from Entrepreneurship to a Professionally Managed Firm*, San Francisco, Jossey-Bass.
Fombrun C.J. and Wally S. (1989), «Structuring Small Firms for Rapid Growth», *Journal of Business Venturing*, vol. 4(2), pp. 107-222.
Fraile P. (1998), *La retórica contra la competencia en España (1875-1975)*, Madrid, Fundación Argentaria.
Fraile P. (1999), *Spain: Industrial Policy under Authoritarian Politics*, in J. Foreman Peck and G. Federico (eds.), *European Industrial Policy. The Twentieth Century Experience*, New York, Oxford University Press, pp. 233-267.
García Delgado J.L. (1987), *La industrialización y el desarrollo económico de España durante el franquismo*, in J. Nadal, A. Carreras and C. Sudriá (eds.), *La economía española en el siglo XX. Una perspectiva histórica*, pp. 164-189.
García Ruiz J.L. and Manera C. (2006), *Historia empresarial de España*, Madrid, LID.
Gomez Mendoza A. (2000), *De mitos y milagros. El Instituto Nacional de Autarquía (1941-1963)*, Barcelona, Fundación Duques de Soria-Universitat de Barcelona.
Goñi Mendizabal I. (2010), «Eibar y la industria armera: evidencias de un distrito industrial», *Investigaciones de historia económica*, n. 16, pp. 101-134.
González M.-J. (1979), *La economía política del franquismo (1940-1970). Dirigismo, mercado y planificación*, Madrid, Tecnos.
Gourvish T. (2005), «Historia empresarial e iniciativa empresarial. Éxito, fracaso y adaptación», *Redes de empresas en España*, Madrid, LID.
Humphrey J. and Schmitz H. (2002), «How Does Insertion in Global Value Chains Affect Upgrading in Industrial Clusters?», *Regional Studies*, vol. 36(9), pp. 1017-1027.
Instituto Nacional de Estadística (1959-1975), *Estadística industrial*, Madrid, INE.
Jarillo J.C. (1989), «Entrepreneurship and Growth: The Strategic Use of External Resources», *Journal of Business Venturing*, vol. 4(2), pp. 133-147.
Jiménez Araya T. (1974), «Formación de capital y fluctuaciones económicas. Materiales para el estudio de un indicador: creación de sociedades mercantiles en España entre 1886 y 1970», *Hacienda pública española*, 27, pp. 137-185.
Keeble D. and Wilkinson F. (1999), «Collective Learning and Knowledge Development in the Evolution of Regional Clusters of High Technology SMEs in Europe», *Regional Studies*, vol. 33(4), pp. 295-303.
Lawson C. and Lorenz E. (1999), «Collective Learning, Tacit Knowledge and Regional Innovative Capacity», *Regional Studies*, vol. 33(4), pp. 305-317.
Llopis E. and Fernández Sánchez R. (1997), *Índices provinciales y regionales de producción manufacturera, 1964-1977*, Documento de Trabajo 9706, Madrid, Fundación Empresa Pública.
Llopis E. and Fernández Sánchez R. (1998), «Las industrias manufactureras regionales en la época del desarrollismo. Una análisis de localización y convergencia», *Revista de historia industrial*, vol. 13, pp. 113-145.

López S. and Valdaliso J.M. (eds.) (1997), *¿Qué inventen ellos? Tecnología, empresa y cambio económico en la España contemporánea*, Madrid, Alianza.

Loveman G. and Sengenberger W. (1991), «The Re-emergence of Small-scale Production: an International Comparison», *Small Business Economics*, vol. 3(1), pp. 1-37.

Low M.B. and MacMillan I.C. (1988), «Entrepreneurship: Past Research and Future Challenges», *Journal of Management*, vol. 14(2), pp. 139-161.

Manera C. (2002), *Las islas del Calzado. Historia económica del sector en Baleares (1200-2000)*, Palma de Mallorca, Lleonard Muntaner.

Marshall A. (1890), *Principles of Economics*, London, Macmillan.

Marshall A. (1919), *Industry and Trade*, London, Macmillan.

Marshall A. and Pale M. (1936), *Economía industrial*, Madrid, Editora Revista de Derecho Privado.

Martín Aceña P. and Comín F. (1991), *INI 50 años de industrialización en España*, Madrid, Espasa Calpe.

Martinez Ruiz E. (2001), «Sector exterior y crecimiento en la España Autárquica», *Revista de historia económica*, XIX, número extraordinario, pp. 251-229.

Matés J.M. (2000), *La economía durante el régimen de Franco (1939-1975)*, in J. Paredes (ed.), *Historia contemporánea de España, siglos XIX y XX, Barcelona*, Ariel, pp. 806-835.

Matés J.M. (2006), *La economía durante el franquismo: la etapa del desarrollo (1960-1974)*, in A. González and J.M. Matés, *Historia económica de España*, Barcelona, Ariel, pp. 745-778.

Miranda Encarnación J.A. (1998), *La industria del calzado en España (1860-1959). La formación de una industria moderna y los efectos del intervencionismo estatal*, Alicante, Generalitat Valenciana e Instituto de Cultura Juan Gil-Albert.

Miranda Encarnación J.A. (2004), «La Comisión Nacional de Productividad Industrial y la "americanización" de la industria del calzado en España», *Revista de historia económica*, 3, pp. 637-668.

Moreno Fonseret R. (2003), *Las industrias de transformación: las empresas de calzado*, in G. Sánchez and J. Tascón (eds.), *Los empresarios de Franco. Política y economía en España, 1936-1957*, Barcelona, Crítica, pp. 171-198.

Müller M., Hiestand M., Leu R. and Lüpold M. (2009), *Switzerland as Home and Host Country of Multinational Enterprises*, paper presented at the World Economic History Conference, Utrecht.

Myro R. (1993), *La industria, de la autarquía a la integración en la CE*, in J.L. García Delgado (ed.), *España, economía*, Madrid, Espasa-Calpe, pp. 197-230.

Nadal J. (a cura di) (2003), *Atlas de la industrialización de España, 1750-2000*, Barcelona, Crítica, Fundación Bbva.

Nicholas T. (2003), «Why Schumpeter Was Right: Innovation, Market Power, and Creative Destruction in 1920s America», *Journal of Economic History*, vol. 63(4), pp. 1023-1058.

Ortiz-Villajos López J.M. (2010), «Aproximación a la historia de la industria de equipos y componentes de automoción en España», *Investigaciones de historia económica*, n. 16, pp. 135-174.

Pires L.E. (2003), *Regulación industrial y atraso económico en la dictadura de Franco*, Madrid, Dykinson, Servicio de Publicaciones de la Universidad Rey Juan Carlos.

Pires L.E. (2005), «Los empresarios y el Estado en torno a las intervenciones del régimen de Franco: la regulación de la inversión industrial (1938-1963)», *Investigaciones de historia económica*, 2, pp. 145-178.

Prados de la Escosura L. (2003), *El progreso económico de España (1850-2000)*, Bilbao, Fundación Bbva.
Puig N. and Fernández Pérez P. (2003), «The Education of Spanish Entrepreneurs and Managers: Madrid and Barcelona Business Schools, 1950-1975», *Paedagogica Historica*, vol. 39(5).
Puig N. and Fernández Pérez P. (2008), «La gran empresa familiar española en el siglo XX: claves de su profesionalización», *Revista de la Historia de la Economía y de la Empresa*, 2, pp. 93-122.
Pyke F. and Sengenberger W. (1992), *Industrial Districts and Local Economics Regeneration*, Geneva, International Institute for labor studies.
Rosado A. (2009), *Barriers to Competition*, London, Pickering and Chatto.
San Roman E. (1999), *Ejército e industria: el nacimiento del INI*, Barcelona, Crítica.
Sánchez Recio G. and Tascón Fernández J. (eds.) (2003), *Los empresarios de Franco. Política y economía en España, 1936-1957*, Barcelona, Crítica.
Sanchís M.T. (1997), «Relaciones de intercambio sectoriales y desarrollo industrial en España, 1954-1972», *Revista de historia industrial*, 11, pp. 149-174.
Scherer F.M. and Ross D. (1990), *Industrial Market Structure and Economic Performance*, Boston, Houghton Mifflin Company.
Schumpeter J.A. (1947), *Capitalism, Socialism and Democracy*, New York, Harper & Bross.
Schwartz P. and González M.J. (1978), *Una historia del Instituto Nacional de Industria (1941-1976)*, Madrid, Tecnos.
Scott A.J. and Storper M. (2003), «Regions, Globalization, Development», *Regional Studies*, vol. 37(6-7), pp. 579-593.
Serrano Sanz J.M. (1997), «Sector exterior y desarrollo en la economía española contemporánea», *Papeles de Economía Española*, 73, pp. 308-335.
Serrano Sanz J.M. and Pardos E. (2002), «Los años de crecimiento del franquismo (1959-1975)», in F. Comin, M. Hernández and E. Llopis (eds.), *Historia económica de España, siglos X-XX*, Barcelona, Crítica, pp. 369-395.
Sexton, D.L. (1997), *Entrepreneurship Research Needs and Issues*, in D.L. Sexton and R.W. Smilor (eds.), *Entrepreneurship 2000*, Chicago, Upstart Publishing Company, pp. 401-408.
Storey D.J. (1994), *Understanding the Small Business Sector*, London, Routledge.
Tafunell X. (1989a), *Asociación mercantil y bolsa*, in A. Carreras (ed.), *Estadísticas históricas de España. Siglos XIX-XX*, Madrid, Fundación Banco Exterior.
Tafunell X. (1989b), *La construcción*, in A. Carreras (ed.), *Estadísticas históricas de España. Siglos XIX-XX*, Madrid, Fundación Banco Exterior.
Tafunell X. (1998), «Los beneficios empresariales en España, 1880-1981. Estimación de un índice anual del excedente de la gran empresa», *Revista de historia económica*, vol. 16(3), pp. 707-746.
Tamames R. (1992), *Estructura económica de España*, Madrid, Alianza Editorial.
Tena A. (2005), *Comercio exterior*, in A. Carreras and X. Tafunell (eds.), *Estadísticas Históricas de España, siglo XIX y XX*, Bilbao, BBVA, pp. 573-644.
Torres E. (1995), *El empresario*, in J.L. García Delgado (ed.), *Lecciones de economía española*, Madrid, Civitas, pp. 173-187.
Torres E. (2000), *Los cien empresarios españoles del siglo XX*, Madrid, LID.
Torres E. (2003a), *La empresa en la autarquía 1939-1959. Iniciativa pública versus iniciativa privada*, in C. Barciela (ed.), *Autarquía y mercado negro. El fracaso económico del primer franquismo*, Barcelona, Crítica, pp. 169-216.

Torres E. (2003b), *Comportamientos empresariales en una economía intervenida: España 1936-1957*, in G. Sánchez and J. Tascón (eds.), *Los empresarios de Franco. Política y economía en España, 1936-1957*, Barcelona, Crítica, pp. 199-224.

Torres M. (1960), «El comercio exterior y el desarrollo económico español», *Información Comercial Española*, diciembre, Madrid.

Tortella G. (1994), *El desarrollo de la España contemporánea. Historia Económica de los siglos XIX y XX*, Madrid, Alianza.

Trullén J. (2007), «La nueva política industrial española: innovación, economías externas y productividad», *Economía Industrial*, n. 363, pp. 17-31.

Valdaliso J.M., López S.M., Elola A. and Aranguren M.J. (2009), *Social Capital, Competitiveness and Internationalization: The Electronics and ICT Cluster of the Basque Country*, paper presented at the European Business History Association-Business History Conference joint conference, Milan, June.

Velarde J. (1969), *Sobre la decadencia económica de España*, Madrid, Tecnos.

Vidal Olivares J. (2007), *Cien empresarios valencianos*. Madrid, LID Editorial Empresarial.

Villalba N. (2005), «Dinamismo de los establecimientos pequeños en la industria», *Revista de economía aplicada*, vol. 13, pp. 5-28.

Viñas A., Viñuela J., Eguidazu F., Pulgar C.F. and Florensa S. (1979), *Política comercial exterior en España (1931-1975)*, 2 vols, Madrid, Banco Exterior de España.

Waite D. (1973), «The Economic Significance of Small Firms», *Journal of Industrial Economics*, vol. 21(2), pp. 5-28.

Weinzimmer L.G., Nystrom P.C. and Freeman S.J. (1998), «Measuring Organizational Growth: Issues, Consequences and Guidelines», *Journal of Management*, vol. 24(2), pp. 235-262.

Wiklund J., Davidsson P. and Delmar F. (2003), «Expected Consequences of Growth and their Effect on Growth Willingness in Different Samples of Small Firms», *Entrepreneurship Theory & Practice*, vol. 27(3), pp. 247-269.

Wright P.M., Mcmahan G.C. and McWilliams A.M. (1994), «Human Resources and Sustained Competitive Advantage: A Resource-based Perspective», *International Journal of Human Resources Management,* pp. 301-326.

You J.-I. (1995) «Small Firms in Economic Theory», *Cambridge Journal of Economics*, vol. 19, pp. 441-462.

Zeitlin J. (1992), *Overview and Comment*, in F. Pyke and W. Sengenberger (1992), *Industrial Districts and Local Economics Regeneration*, Geneva, International Institute for labor studies.