

Smooth operators: Private equity, ownership change, and the reshaping of industrial districts

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ABSTRACT:

This paper examines the entry of new financial actors into the Castellón ceramic cluster between 2010 and 2024. By exploring the relationship between changing ownership structures and corporate growth strategies, it analyses three types of company acquisition with varying effects on the region. Drawing on a selection of news sources and corporate information, this study argues that financial actors do not always contribute to the broader aim of regional development, as they tend to focus on short-term speculative goals, while overlooking other social aspects that enable local companies to offer innovative and distinctive products and services linked to the territory. These concerns are particularly evident in the case of investment funds (IF) that manage a portfolio of investments in various businesses and engage primarily in financial strategies. These new owners have accelerated two different processes in the territory: business concentration and acquisition. However, there is no clear long-term benefit for the future of the acquired companies. The short-term approach driven by the temporary pressures of investment funds reduces incentives to invest in specific assets, and discourages investment in high-risk projects.

KEYWORDS: Cluster; investment funds; corporate growth strategies; business acquisitions; business concentration; ceramic industry.

JEL CLASSIFICATION: R11.

Actores sofisticados: los fondos de inversión, el cambio de propiedad y la transformación de los distritos industriales

RESUMEN:

Este artículo examina la incorporación de nuevos actores financieros al clúster cerámico de Castellón entre 2010 y 2024. Al explorar la relación entre los cambios en las estructuras de propiedad y las estrategias de crecimiento empresarial, analiza tres tipos de adquisiciones de empresas con efectos diversos en la región. A partir de una selección de fuentes periodísticas e información corporativa, este estudio sostiene que los actores financieros no siempre contribuyen al objetivo más amplio del desarrollo regional, ya que tienden a centrarse en objetivos especulativos a corto plazo, pasando por alto otros aspectos sociales que permiten a las empresas locales ofrecer productos y servicios innovadores y distintivos vinculados al territorio. Estas preocupaciones son especialmente evidentes en el caso de los fondos de inversión que gestionan una cartera de inversiones en diversas empresas y se dedican principalmente a estrategias financieras. Estos nuevos propietarios han acelerado dos procesos diferentes en el territorio: la concentración empresarial y la adqui-

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sición de empresas. Sin embargo, no existe un beneficio claro a largo plazo para el futuro de las empresas adquiridas. El enfoque a corto plazo impulsado por las presiones temporales de los fondos de inversión reduce los incentivos para invertir en activos específicos y desalienta la inversión en proyectos de alto riesgo.

PALABRAS CLAVE: Clúster; fondos de inversión; estrategias de crecimiento empresarial; adquisiciones de empresas; concentración empresarial; industria cerámica.

CLASIFICACIÓN JEL: R11.

1. INTRODUCTION

The debate over the factors enabling territories to capture agglomeration economies is well-documented (Bell, 2005; Gordon & Kourtit, 2020; He, 2002). Since Marshall's early work, industrial clusters have been seen as an optimal blend of flexible production units with high specialisation (De Propris & Driffield, 2006). Over time, regions have benefited from external economies related to proximity (Lis, 2019; Wu et al., 2020). Recent studies highlight how cluster competence and localised demand contribute to national competitiveness and the strategic role of industrial clusters in innovation systems (Lin & Sun, 2010). Additionally, proximity is not limited to geography but includes organisational, cognitive, social, and institutional factors, which foster innovation (Boschma, 2005; Rabellotti et al., 2009). The ownership structure of firms within a cluster is tied to institutional proximity (Goyer & Jung, 2011; Jones et al., 2010), influencing corporate governance and managerial incentives (Batra et al., 2023). Most previous research has focused on governance at the meso-level, with less attention paid to ownership in industrial clusters (López-Manuel et al., 2024). This study shifts focus to the Spanish ceramic tile cluster (Hervas-Oliver & Albors-Garrigos, 2008; Molina-Morales, 2002).

While globalisation has impacted cluster configurations (Cai et al., 2016), many clusters have adapted through flexible networks, labour flows, and knowledge exchange (González-Bravo et al., 2018). However, some have struggled or vanished, showing varied responses to global competition (Bellandi et al., 2018). The survival of these agglomerations depends on their ability to adapt to changes (Giuliani & Rabellotti, 2017), with strategies such as supply chain extension, outsourcing, export growth, and diversification (Humphrey & Schmitz, 2002).

Ownership has been overlooked in many studies (Szakálné Kanó et al., 2019), despite its increasing relevance, especially with the rise of new financial actors (Gjelsvik, 2017; Jankowska & Glowka, 2016). Traditional industrial districts had multiple local stakeholders in governance (Saggese, 2016), but ownership dynamics are changing (Asheim, 2024). Some studies have begun addressing these shifts, particularly in relation to innovation (Belussi et al., 2024; Hervas-Oliver et al., 2024).

This paper examines the role of private equity firms in clusters and their effects on territorial governance (2010-2024) (Feldman & Kenney, 2024). It explores whether such actors reshape development paths in line with smart specialization policies (Belussi & Trippl, 2018) and the implications of this transformation for territorial governance (Humphrey & Schmitz, 2002). In our research, we investigate "path dependency" in regional development (Fosse, 2014; Martin & Sunley, 2006) within Spain's ceramic industry, identifying diverse acquisition strategies (Fuellhart & Glasmeier, 2003; Porter, 1990).

Our study addressed the changing ownership regime, challenging conventional views on acquisition impacts on governance (Andres, 2008), and examining corporate growth strategies from a territorial lens (Gereffi & Fernandez-Stark, 2016). The paper contributes to cluster literature by showing how acquisitions affect territorial governance, creating opportunities and constraints (Ebbekink & Lagendijk, 2013; Sacchetti & Tomlinson, 2009). Since no single corporate governance model exists, we explore various mechanisms for managing agency problems in a specific context.

In light of these debates, this paper addresses the following research questions: (1) To what extent has the recent wave of acquisitions and ownership changes reshaped the governance structure of the Castellón ceramic cluster? (2) How do different types of acquirers and growth strategies (local groups, multinational corporations and investment funds) affect the cluster's innovation capacity and territorial

embeddedness? (3) What implications do these ownership's transformations have for the long-term development path of place-based industries under increasing financialisation?

This paper makes three main contributions. First, it advances research on regional financialisation by documenting how private equity and other financial actors transform ownership structures within a mature industrial district. Second, it connects debates on path dependence and cluster governance by showing how repeated speculative acquisitions can reorient the long-term development trajectory of a place-based industry. Third, it proposes an ownership–growth strategy framework that links different types of acquirers and expansion paths to specific governance configurations and territorial outcomes, thereby enriching existing work on industrial districts and cluster evolution.

The article is structured into sections: first, a theoretical framework is presented, integrating corporate concentration, knowledge asymmetries, industrial district evolution, and global value chain influence. The empirical case of the Spain's ceramic tile cluster is then discussed, focusing on acquisitions and their effects on the local business structure. The findings presented include data analysis, institutional responses, and emerging corporate growth strategies. The last section concludes with broader implications for the future of the cluster and its development model.

2. THEORETICAL FRAMEWORK: INDUSTRIAL DISTRICTS UNDER THE LENS OF CONCENTRATION, OWNERSHIP, AND GLOBAL VALUE CHAINS

This paper's theoretical framework integrates three perspectives to analyse ownership transformation in industrial clusters: (1) debates on corporate concentration and knowledge asymmetries, (2) evolutionary trajectories of industrial districts under external control, and (3) the role of global value chains (GVCs) in shaping hierarchical territorial paths. This approach helps explain the shift from locally governed clusters toward financial dominance and external governance.

2.1. CORPORATE CONCENTRATION AND KNOWLEDGE ASYMMETRIES IN CLUSTERS

Cecilia Rikap (2021) and Bengt-Åke Lundvall (2007) highlight how capitalism increasingly concentrates knowledge and innovation in a few multinational corporations, forming “intellectual monopolies” controlling intangible assets like patents and data. Their work on Corporate Innovation Systems shows how these monopolies skew access and control over knowledge, even in collaborative ecosystems (Rikap & Lundvall, 2022).

This lens is crucial for understanding industrial districts, traditionally decentralised and networked but now facing internal power shifts. Large firms and financial actors acquiring smaller incumbents centralise capital, relational assets, and tacit knowledge once dispersed across the district (Capello & Faggian, 2005). Consequently, innovation favours appropriation over collective learning, leading to a form of ownership that acts as cognitive capture, reducing institutional proximity and district autonomy (Belussi, 2015). Control over key assets limits smaller firms' independent innovation (Belussi et al., 2024).

Thus, regional development structures are reconfigured to serve dominant corporations, exacerbating inequalities and limiting diversified innovation paths that thrive on inclusive knowledge flows (Bellandi et al., 2023). This erosion risks turning industrial districts into appendages of GVCs rather than dynamic ecosystems (Feldman & Kenney, 2024).

2.2. THE EVOLUTIONARY TRAJECTORIES OF INDUSTRIAL DISTRICTS: DECLINE, RESILIENCE, AND HIERARCHICAL TRANSFORMATION

Belussi (2018) frames cluster evolution in three stages: origin, development, and maturity. Origin clusters form through local entrepreneurship or MNE entry but lack institutions and specialised knowledge. In development, firms multiply, institutions strengthen, and networks grow. Maturity brings

slowed growth and innovation, with governance increasingly influenced by external actors like MNEs and GVCs.

The Spanish ceramic cluster exemplifies this: local firms have declined while large actors, some backed by external finance, consolidate control, reflecting territorial decoupling where activity remains local but control and value are externalised (De Marchi et al., 2018). Cluster evolution is path-dependent—progressing, stabilizing, or declining based on institutional robustness (Fiorini et al., 2024; Molina Morales et al., 2021).

In maturity, growth slows, spin-offs reduce, and some local firms become homegrown MNEs. Tacit knowledge is codified; innovation becomes incremental. MNEs absorb local knowledge into global networks, influencing SMEs but diminishing local autonomy and fostering hierarchical governance.

In this vein, Belso-Martínez et al., (2015) show brokerage roles sustain innovation even in mature clusters, helping mitigate hierarchical control's downsides. However, while MNE entry is well-studied, private equity (PE) involvement is newer and distinct (Appelbaum & Batt, 2014). Unlike embedded MNEs, PE focused on short-term value extraction, often via dividend recapitalization, using borrowed funds extracted as dividends irrespective of long-term impacts (Ballou, 2023; Lewis, 2019).

This underexplored dynamic risks weakening cluster structure, governance, and productive capacity, disconnecting decisions from local needs for short-term financial gains (Feldman & Kenney, 2024).

2.3. GLOBAL VALUE CHAINS AND THE SHIFT TOWARD HIERARCHICAL CLUSTERS

De Marchi et al. (2018) argue that clusters are increasingly embedded in GVCs, subordinated to lead firms dictating upgrading, innovation, and value distribution. Outcomes depend on cluster position, inter-firm relations, and roles of local dynamic actors (LDAs) and global lead firms (GLFs). However, it is worth noting that buyer, or financial-led chains, often reduce local autonomy and distributed innovation. For example, Luxottica's centralisation of the Belluno eyewear cluster transformed it into a hub-and-spoke model.

Furthermore, as manufacturing becomes more modular and knowledge-intensive, value-adding activities relocate to global centres, reducing peripheral nodes to assembly or low-margin roles. Crucially, financial actors compound these risks by lacking local embeddedness and long-term innovation interests. Instead, their extractive logic prioritises efficiency and shareholder value, thereby eroding the redundancies that once supported cluster resilience.

Fundamentally, these changes reflect a shift from collective efficiency to hierarchical governance, echoing Belussi's mature cluster model and Rikap's (2021) intellectual monopolies thesis.

Finally, De Marchi et al.'s framework highlights cluster trajectory divergence: while some adapt and co-evolve globally; others are captured and restructured. Ultimately, local agency, institutional strength, and innovation capacity determine whether clusters remain resilient or become absorbed.

2.4. OWNERSHIP TRANSFORMATION AND THE RECONFIGURATION OF TERRITORIAL GOVERNANCE

These perspectives converge on a key insight: industrial districts are experiencing increased concentration, diminished institutional proximity, and rising territorial subordination. Indeed, ownership is a strategic lever reshaping governance, innovation, and development capacities. Consequently, understanding this demands a multidimensional approach attentive to both local dynamics and global value and knowledge reorganization.

Moreover, this transformation challenges assumptions of local resilience by highlighting tensions between entrenched local interests and external financial actors whose priorities differ. This dynamic leads to governance conflicts, altered innovation paths, and shifting power relations that shape cluster viability.

However, it is important to note that transformations are uneven: while some districts adapt through alliances and institutional innovation, others suffer autonomy and productive capacity erosion, becoming

dependent nodes in global systems. Hence, local agency and structural constraints interplay to produce divergent outcomes.

2.5. INTEGRATING OWNERSHIP TRANSFORMATION ACROSS THEORETICAL PERSPECTIVES

These three perspectives, corporate concentration, evolutionary cluster trajectories, and global value chain governance, converge on a common analytical lens: the transformative role of ownership structures in reshaping territorial governance and development paths. Corporate concentration highlights how financial actors centralise control over local knowledge assets, while evolutionary approaches reveal how external ownership accelerates maturity-stage hierarchical restructuring. GVC frameworks further explain how clusters become subordinated to financial lead firms that prioritise short-term value extraction over embedded innovation. Together, they underscore a critical research gap: how private equity and ownership changes specifically alter the governance, innovation capacity, and long-term trajectories of mature industrial districts. The Castellón ceramic cluster offers an empirical setting to test these interconnected dynamics.

3. EMPIRICAL SETTING

The empirical setting is the Spanish ceramic tile industry, located in Castellón province. The tile industry is concentrated in cluster-type geographical areas globally, and this region alone produces 90% of Spain's wall and floor tiles, within a 20-kilometre radius.

This Spanish ceramic cluster encompasses activities related to ceramic tile production and has long been studied in the literature. It is often cited as a typical example of an industrial cluster in seminal works like (Ybarra, 1991) and (Boix, 2009). The cluster has been referenced in several empirical studies (Hervás-Oliver et al., 2008; Russo, 2004) and noted by Porter (1990) in the context of international competition with Italian ceramic tiles. Molina-Morales (2002) extensively describe the knowledge and innovation processes within this cluster, while Molina-Morales (2005) examined the role of local institutions in knowledge transmission. More recently, the cluster has garnered significant attention from researchers (Albors-Garrigos & Hervás-Oliver, 2019; del-Corte-Lora et al., 2016; Expósito-Langa et al., 2011; García-Villaverde et al., 2018; Molina-Morales et al., 2015).

Our research focuses on the main activities within the cluster, specifically the production of wall and floor tiles, frits and glazes, and machinery. Other auxiliary activities not directly involved in production are excluded. Table 1 presents figures for these three key activities, which were the focus of this study.

TABLE 1.
Main activities in the ceramic tile cluster, 2023

Productive activities	Volume of Sales	Number of Employees	Number of Firms
Wall and floor tiles	4,864 M€ (73%)	14,934 (73%)	81
Frits and glazes	1,419 M€ (21%)	3,842 (19%)	22
Machinery and equipment	384 M€ (6%)	1,656 (8%)	43
TOTAL	6,667 M€ (100%)	20,432 (100%)	143

Source: Adapted from *PwC Spain (2024)*

3.1. RESEARCH SCOPE, DESIGN AND METHODOLOGY

Over the last decade, the Castellón ceramic tile cluster has experienced significant structural change driven by acquisitions and ownership transformations. This study aims to identify and classify these operations in order to understand their characteristics, underlying motivations, and implications for cluster governance and regional development. The analysis focuses on the period 2010–2024, when acquisition activity intensified.

The study adopts an exploratory qualitative case study design centred on the Castellón ceramic cluster. The case is particularly relevant given its paradigmatic status in the literature on industrial districts and the recent intensity of ownership restructuring processes (Yin, 2018).

Acquisition events were identified through a systematic review of specialised and business press sources covering the period 2010–2024. The primary source was *Periódico del Azulejo*¹, which provides continuous coverage of sectoral developments. This was complemented by national business newspapers, including *Plaza*, *Cinco Días*, *El Economista*, and *Expansión*. Operations were included if they: (1) involved core cluster activities (ceramic tiles, frits and glazes); (2) were publicly reported with identifiable buyer and seller; and (3) were completed within the study period.

This procedure resulted in a dataset of 70 acquisition operations (Table 2). Corporate characteristics and financial information were cross-validated using the SABI database (Bureau van Dijk) and company websites.

The analysis follows a descriptive and exploratory logic aimed at identifying recurrent patterns in ownership transformation. Variables such as ownership origin, type of acquirer, transaction characteristics, and timing of resale were systematically coded and grouped into analytical categories. An ownership–growth strategy typology was developed iteratively through pattern comparison across cases (Table 3). Institutional and collective responses were examined through thematic content analysis of public statements issued by trade associations and relevant governance bodies (Appendix 1).

Although the design does not seek to establish causal inference, triangulation across multiple sources and transparent coding procedures enhance the robustness of the findings. Nevertheless, given the reliance exclusively on publicly available secondary sources (business press, corporate databases, and institutional reports), the analysis does not capture internal decision-making processes or unobserved strategic motivations. Inferential claims regarding acquirers' intentions or post-acquisition governance dynamics should therefore be treated as empirically grounded interpretations rather than causal conclusions. Thus, the approach provides a solid empirical basis for discussing how ownership change affects governance dynamics and territorial development in mature industrial clusters.

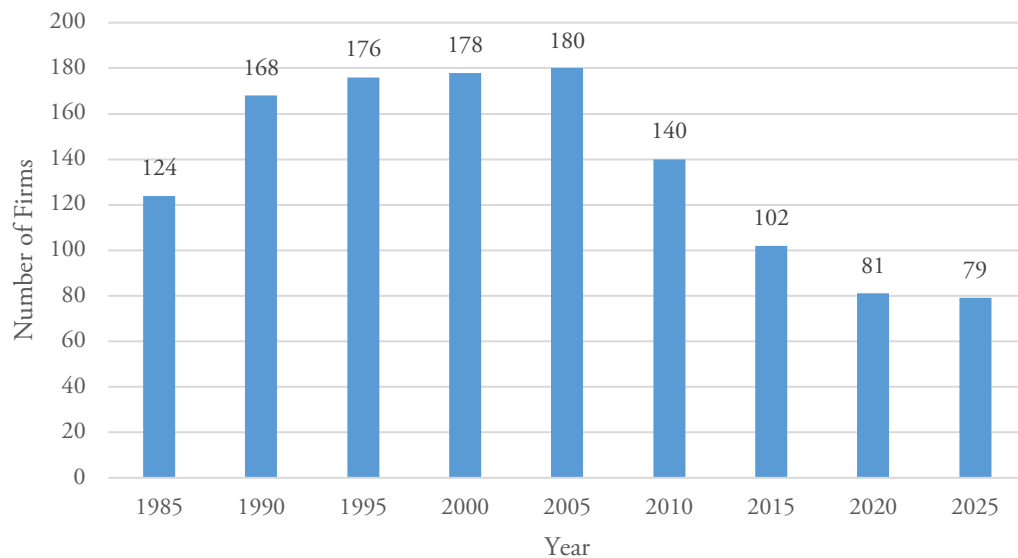
4. MAIN RESULTS

4.1. THE NUMBER OF COMPANIES

First, we examine the evolution of the number of clustered companies since the mid-1980s. As Figure 1 shows, two distinct phases are identifiable for the wall and floor tile manufacturers between 1985 (just prior to Spain's entry into the European Union) and the present. The first phase reflects steady growth, with the number of firms increasing from 124 to 180. This is followed by a decline that has accelerated since 2005, with the number of firms falling from 180 to 79. A similar trend is observed for frits and glazes manufacturers (Figure 2), where the number of firms decreased from a peak of 28 in 2000 to 22 in 2025.

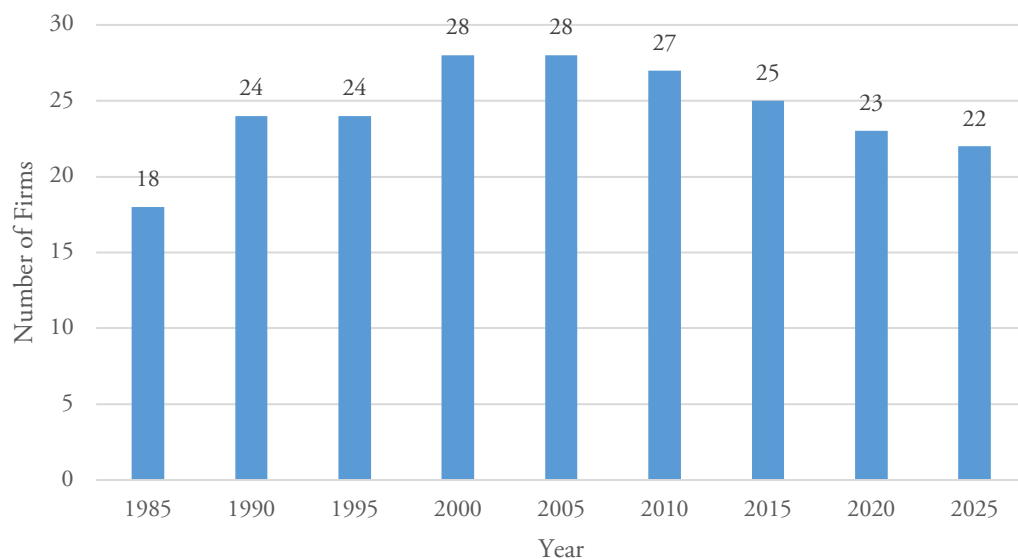
¹ See: www.elperiodicodelazulejo.es

FIGURE 1.
Number of firms in the wall and floor tiles industry



Source: SABI database (Bureau van Dijk), 1985-2025. Authors' elaboration.

FIGURE 2.
Number of firms in the frits and glazes industry



Source: SABI database (Bureau van Dijk), 1985-2025. Authors' elaboration.

According to data from the SABI database, 70 new wall and floor tile manufacturing companies were established between 1990 and 2010. In contrast, only three new firms were established between 2011 and 2025. Similarly, the number of frits and glazes companies declined by five in the period 2011-2025. Across the entire cluster, 62 companies in both sectors were declared bankrupt or failed during the period analysed. However, it cannot be concluded that the mergers and acquisitions examined in this research were directly responsible for this decline. The boom in acquisitions began after the 2008 global financial

crisis and does not appear to have caused the reduction in the number of companies. Rather, the decline is primarily attributable to bankruptcies following the global financial crisis.

4.2. M&A PROCESS ANALYSIS

4.2.1. GENERAL DATA

Table 2 provides information on the number of companies involved in the acquisitions process, together with different types of analyses related with the value of the operations, the cluster activities involved, the percentage of the acquired capital, the origin of the acquiring companies and their type.

TABLE 2.
Main characteristics of the acquisition operations (2011-2024)

Number of acquisition operations	70		
Total value	6,506 M€		
Average value	92.9 M€		
Types of productive activities within the cluster			
Activity	Number of acquisition operations	Value	Average value
Raw materials	3 (4%)	51 M€ (0.8%)	17 M€
Machinery and Equipment	3 (4%)	82 M€ (1.3%)	27.3 M€
Frits and Glazes	16 (23%)	3,464 M€ (53.2%)	216.5 M€
Wall and floor tiles	48 (69%)	2,909 M€ (44.7%)	60.5 M€
Percentage of capital acquired			
Stake of capital	Number of acquisition operations	Value	Average value
Entire stake	51 (72.8%)	5,681 M€ (87.3%)	111.4 M€
Majority stake	16 (22.9%)	809 M€ (12.4%)	50.6 M€
Minority stake	3 (4.3%)	16 M€ (0.3%)	5.3 M€
Origin of the acquiring firms			
Origin	Number of acquisition operations	Value	Average value
Internal to the cluster	28 (40%)	561 M€ (8.6%)	20.0 M€
External to the cluster	42 (60%)	5,945 M€ (91.4%)	141.5 M€
Type of acquiring firms			
Typologies	Number of acquisition operations	Value	Average value
Local companies	34 (48,6%)	736 M€ (11.3%)	21.6 M€
Multinational Corporations	15 (21,4)	1,117 M€ (17.2%)	74.5 M€
Investment Fund	21 (30%)	4,653 M€ (71.5%)	221.6 M€

TABLE 2. CONT.
Main characteristics of the acquisition operations (2011-2024)

Ownership of the acquired firms			
Ownership	Number of acquisition operations	Value	Average value
<i>Internal to the cluster</i>	22 (31.4%)	1,886 M€ (29.0%)	85.7 M€
<i>External to the cluster</i>	48 (68.6%)	4,620 M€ (71.0%)	96.3 M€
Pricing of acquisitions			
Types	Number of acquisition operations	Value	Average value
<i>Bankruptcy procedure</i>	19 (27.1%)	471 M€ (7.2%)	24.9 M€
<i>Market price</i>	51 (72.9%)	6,035 M€ (92.8%)	118.3 M€
Resale of acquired firms			
Types	Number of acquisition operations	Value	Average value
<i>Resold acquired companies</i>	22 (31.4%)	3,433 M€ (52.8%)	156.0 M€
<i>Other operations</i>	48 (68.6%)	3,073 M€ (47.2%)	64.0 M€
Acquisition of resold firms			
Types	Number of acquisition operations	Value	Average value
<i>Acquiring a resold company</i>	16 (22.9%)	4,221 (64.9%)	263.8 M€
<i>Other operations</i>	54 (77.1%)	2,285 (35.1%)	43.3 M€

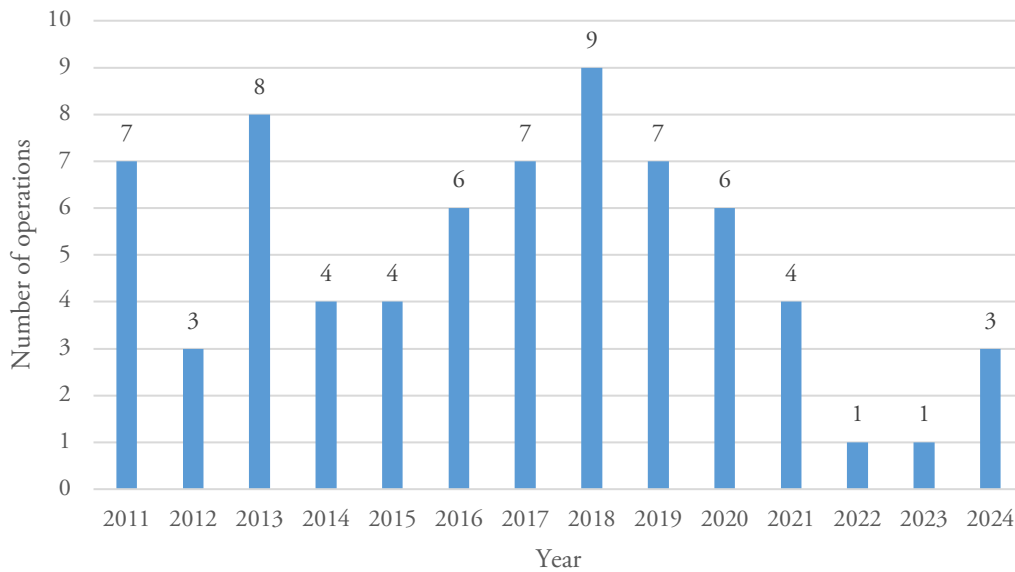
Source: Authors' own compilation based on systematic compilation of acquisition operations from Periódico del Azulejo (2010-2024), cross-validated with the SABI database and corporate filings.

4.2.2. ANNUAL EVOLUTION OF THE ACQUISITIONS

Figure 3 presents the yearly number of operations over the decade. It should be noted that we have allocated some transactions to 2011, which, although they took place before the period in question, appear in the news published within our analysis timeframe. Interestingly, there is a higher concentration of operations in the latter part of the time series (from 2017 to 2025). This is even more significant (as Figure 4 shows) in terms of the operations' value, since the concentration in time of the important acquisitions is much more evident.

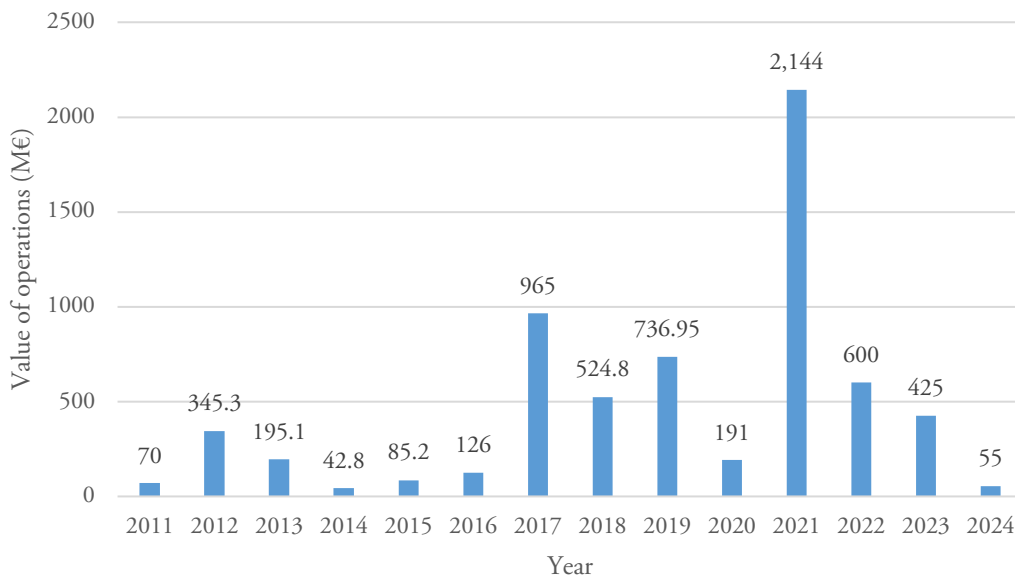
The increase in acquisition activity during the later years of the period confirms that the decline in the number of companies, discussed in the previous section, is not directly attributable to the acceleration of the acquisitions process.

FIGURE 3.
Yearly acquisition operations (2011-2024)



Source: Periódico del Azulejo and national business press (Plaza, Cinco Días), 2010-2024. Authors' compilation.

FIGURE 4.
Value of acquisition operations (2011-2024)



Source: Periódico del Azulejo and national business press (Plaza, Cinco Días), 2010-2024. Authors' compilation.

4.2.3. TYPES OF ACTIVITIES OF ACQUIRED COMPANIES

According to the data (Table 2), most acquisition operations in the cluster involved its two main activities: floor and wall tiles manufacturers and frits and glazes manufacturers. Other auxiliary and related activities, such as ceramic machinery and raw materials, were marginally involved, each accounting for around 4% of the operations. The majority of transactions (48 operations, 69%) were related to floor and

wall tiles manufacturers. In terms of value, acquisitions of frits and glazes manufacturers represented slightly higher value per operation, averaging 216.5M€, compared with 60.5M€ for floor and wall tile manufacturers. This highlights the relatively greater economic weight of acquisitions in the frits and glazes segment.

4.2.4. PARTIAL OR TOTAL CAPITAL ACQUISITIONS

The second issue we analysed was whether the acquisitions involved the purchase of all or only part of the capital of the target company. As shown in Table 2, most of the transactions (72.8%) consisted of acquiring the vendor company's entire shareholding. Only a small number of operations involved the purchase of a minority stake (4.3%) in the capital of the acquired firm. This indicates that most transactions aimed at gaining full control of the target company. The predominant profile of the acquisitions was therefore neither mergers (Warf, 2003) nor joint ventures (Cromley & Green, 1985; Santarelli & Tran, 2012), nor other forms of business agreements. Instead, they primarily represented corporate strategies for external growth or portfolio diversification on the part of the acquiring firms.

4.2.5. THE ORIGIN OF THE ACQUIRING COMPANIES

In our research context, identifying the origin of the acquiring companies is essential, specifically distinguishing between foreign firms and domestic or local firms that were already part of the cluster. The implications of this distinction are clear: foreign investments represent net capital inflows to the region, but they may also result in corporate control shifting beyond the cluster's local boundaries. Table 2 distinguishes between acquisitions made by foreign-owned companies and those made by cluster-based firms. Foreign companies carried out more transactions, especially in terms of economic value. Purchases by foreign firms accounted for 60% of all operations but represented 91.4% of their total value, with an average transaction size of 141.5M€ compared to 20.0M€ for cluster-based firms. This confirms that foreign companies made the most valuable acquisitions, indicating a strong net inflow of capital into the cluster. However, this effect is moderated by the fact that some acquisitions involved firms that were already under foreign ownership.

4.2.6. TYPES OF ACQUIRING COMPANIES

In addition to distinguishing between internal and external acquirers, we examined their type based on prior links to ceramic production. We identified three categories: (a) related local companies engaged in the same activity as the acquired firm; (b) multinational corporations (MNCs), groups spanning various industries more or less connected to ceramics; and (c) investment funds (IF), which manage diverse portfolios and pursue mainly financial strategies. Only two vertical integration strategies within the cluster were found, both included in the local companies group.

Table 2 shows that almost half of the operations (48.6%) were carried out between local companies engaging in the same activity. However, these operations represented significantly less value, just account for 11.3% of the total investment. Indeed, the operations by MNCs had greater value (17.2%). However, operations made by IF accounted for a notably larger amount than the other two types (71.5%).

4.2.7. OWNERSHIP OF THE ACQUIRED COMPANIES

To complement the analysis, we examined the ownership of acquired companies. Table 2 shows that while most acquisitions involved firms already in the cluster and locally owned, this was not reflected in their value. Operations involving foreign-owned companies were far more valuable. Nearly two-thirds of investment value went to firms already owned by outsiders, which limits and contextualises the significance of the net inflow of capital into the cluster.

4.2.8. PRICING OF ACQUISITIONS

We also distinguished between acquisitions at market price, companies operating under normal conditions, and those involving firms in failure, bankruptcy, or liquidation. Table 2 shows that large transactions occurred at market prices (72.9%), while acquisitions at bankruptcy prices represented a little more than a quarter of the total. Moreover, market-price operations accounted for 92.8 % of total value. This suggests that, for the most part, these operations are not aimed at taking advantage of opportunities offered by companies in distress, but rather reflect strategic decisions made by the acquiring firms.

4.2.9. RESALE OF ACQUIRED COMPANIES

From the data collected, we calculated how many acquisitions were resold within the study period. Some appeared to be failed buy-sell operations, confirming the weak roots of new owners in cluster firms. We also identified companies subject to double acquisitions, shown in Table 2. While some involved a single company, others were part of larger transactions including additional firms or assets.

On average, the companies were resold within an approximate period of five years. Moreover, within the group of higher-value transactions, those exceeding 25 million euros, the period is reduced to less than four years. It is worth noting that the acquirers' cycle appears to have stalled in recent years, which could extend the time between the purchase and sale of companies. In any case, these figures reinforce the idea of speculative movements rather than long-term strategies.

4.2.10. LOCAL INSTITUTIONS AND CLUSTER REPRESENTATIVES' REACTIONS

As shown in Appendix 1, cluster actors view acquisitions and business concentration as largely positive. Trade associations and consulting firms are most supportive, while more nuanced or critical views come from public institutions such as the regional government and local university. Two perspectives were identified: some focus on the impact on affected firms, others on the wider territory.

Representatives argue the process is driven by the attractiveness, internationalisation, and profitability of cluster companies, reinforcing a positive message. Other factors cited include the cluster's life cycle dynamics and excess global financial liquidity during the period.

Expected benefits include higher profits, economies of scale, stronger competitive dynamics, better capitalisation, and preserved employment. Yet some actors note risks: cultural conflicts, difficulties in achieving synergies, weakened local roots, and speculative motives behind certain operations.

TABLE 3.
Growth strategies of the clustered groups

Dimensions of the strategy	1 Internal/External strategy (Pamesa)	2 External/Internal strategy (Victoria PLC)	3 External/External strategy (Lone Star Funds)	4 Internal/External strategy (Porcelanosa)
Local perspective	Internal. Share capital, exchanges of information and knowledge (informal). Use of local institutions.	External. Acquisition of external knowledge. Internationalisation momentum	External. Acquisition of external knowledge. Internationalisation momentum	Internal. Share capital, exchanges of information and knowledge (informal). Use of local institutions
Diversification	Related, multi-location. Decentralisation.	Semi-related. Related industries	Unrelated. Portfolio investments	Related. Brand focus
Integration activities	Vertical/Horizontal	Horizontal	Horizontal	Vertical/Horizontal
Growth rate (internal/external)	External via acquisitions	External via acquisitions	External via acquisitions	Internal via direct investment
Operational synergies	High operational synergies	Low operational synergies	Non-operational synergies	Operational synergies
Commercial synergies	High market synergies	High market synergies	Low market synergies	Low market synergies
Management	Managerial synergies in terminations	High managerial synergies	High managerial synergies	Low managerial synergies
Coordination decentralisation	Low coordination problems	Coordination problems	Coordination problems	Lack of decentralisation, advantages in coordination
Financial capacity	Greater financial exposure (or higher financial risk)	Financial strengthening	Financial strengthening	Greater financial exposure (or higher financial risk)

Source: Authors' classification of major cluster groups based on ownership origin and growth strategies observed in acquisition patterns (2010-2024).

5. DISCUSSION AND CONCLUSIONS

This research examines how acquisitions reshape a territorial industrial cluster by transforming ownership structures and governance dynamics (Boschma, 2005; Goyer & Jung, 2011). Focusing on the Castellón ceramic cluster, the analysis documents the scale and evolution of acquisition activity over the last decade, highlighting both the growing concentration of firms and the increasing role of foreign owners and financial actors, particularly from the late 2010s onwards. By linking ownership change to corporate growth strategies, the study explores how new ownership regimes affect embeddedness, strategic decision-making and the long-term development trajectory of a mature industrial district.

Empirically, the findings show that acquisitions and concentration followed distinct temporal dynamics but converged in reducing the number of firms and consolidating a limited set of dominant groups within the cluster. Despite sustained growth in revenues and employment since 2010, no new firms have been created, signalling a structural shift in the cluster's entrepreneurial dynamics (Martin & Sunley, 2006). Acquisitions have largely involved foreign buyers acquiring full ownership of local firms at market prices, typically with short investment horizons. While these ownership changes have not yet produced major visible organisational transformations within firms, they are likely to entail significant redefinitions of corporate knowledge bases and strategic priorities over time. At the institutional level, governance bodies remain formally controlled by local firms, which still account for the majority of board members, although their roles and influence are increasingly subject to reconfiguration.

A key consequence of these ownership changes lies in the corporate growth strategies adopted by acquiring firms and their implications for territorial governance. To capture this heterogeneity, we develop a typology that distinguishes four main growth strategies based on the combination of ownership origin and expansion path. Type 1 strategies involve internal cluster ownership combined with growth through acquisitions and related or horizontal diversification, as exemplified by the Pamesa Group. Type 2 strategies correspond to external ownership pursuing growth through acquisitions with semi-related diversification, as in the case of Victoria PLC. Type 3 strategies are characterised by external ownership combined with acquisitions and unrelated portfolio diversification, typically associated with investment funds such as Lone Star. Finally, Type 4 strategies involve internal cluster ownership and expansion through internal growth and vertical integration, as illustrated by the Porcelanosa Group. These four strategies, summarised in Table 3, highlight how different combinations of ownership and growth trajectories are likely to shape the future governance of the cluster in distinct ways.

Linking these growth strategies to existing theoretical perspectives reveals patterned relationships between ownership transformations and the reconfiguration of cluster governance. Foreign acquirers (MNCs + investment funds) accounted for 88.7% of total acquisition value, signalling a weakening of institutional proximity and local embeddedness (Boschma, 2005; Goyer & Jung, 2011). Locally owned strategies (Types 1 and 4) tend to preserve territorially grounded governance, whereas externally owned strategies, particularly Type 3 investment fund acquisitions, introduce cognitive and organisational distance by prioritising financial metrics over place-specific innovation practices.

Investment funds carried out the most valuable transactions despite a lower number of deals, confirming the extractive logic of private equity highlighted by Feldman & Kenney (2024). Short investment horizons, averaging 4.7 years, and less than two years for large deals (Capello & Faggian, 2005). In this context, Type 3 strategies reflect subordination dynamics whereby industrial districts are transformed into hierarchical nodes within financialised global value chains (De Marchi et al., 2018).

These ownership shifts challenge traditional interpretations of path dependence (Martin & Sunley, 2006). While crisis-related bankruptcies initiated firm decline, speculative acquisitions accelerated consolidation without fostering new firm creation, suggesting the emergence of a financialised development path. Ownership structure thus mediates the tension between local embeddedness and global financial logics, systematically reshaping the governance configuration of the Castellón cluster.

From a governance perspective, the high frequency of acquisitions weakens long-term commitments among local stakeholders and discourages investment in specific assets and high-risk innovation projects.

Although local firms continue to dominate formal governance bodies, strategic control is increasingly exercised outside the territory, constraining the cluster's capacity for coordinated long-term development.

This study contributes to cluster research by explicitly incorporating ownership structures into analyses of cluster evolution. It complements work on cluster strategies and smart specialisation (Saha et al., 2018) by showing how the growing role of foreign financial actors may undermine knowledge-based regional development. More broadly, the findings resonate with debates on regional financialisation and uneven development, illustrating how speculative acquisition cycles can generate a form of “financialised lock-in” in mature industrial districts (Belussi, 2018; Belussi et al., 2024).

Overall, these findings highlight that ownership transformations, particularly the increasing presence of foreign financial actors, do not simply reorganise firms but actively reshape cluster governance and territorial development trajectories. Recent research on regional responses to financialisation emphasises that the growing influence of finance in peripheral regions can alter investment patterns, institutional priorities and regional capabilities, deepening uneven development processes unless counteracted by place-sensitive strategies and local governance approaches (Gil de San Vicente & Wilson, 2025). Speculative acquisition cycles create a form of financialised lock-in constraining the creation of new firms, diverting resources from long-term innovation and weakening local embeddedness. This underscores that ownership is a central structural variable in understanding the evolution of mature clusters, with implications for both theory and regional policy on cluster governance and regional economic development.

While based on a single case, the ownership–growth typology proposed here offers a transferable framework for analysing governance transformations in other mature European clusters facing financialisation pressures. Future research should extend this approach through comparative designs and qualitative firm-level evidence (such as in-depth interviews with managers or document analysis of post-acquisition integration process) to further assess the territorial implications of ownership change.

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CONFLICT OF INTEREST STATEMENT

The authors declare no conflict of interest.

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APPENDIX

Summary of opinions of the main actors of the cluster on the acquisition and concentration process

Type of organisation	Motivation	Positive effects	Negative impacts	Observations
Consultants				
KPMG, S.A.	1.-Cluster attractiveness. High level of internationalisation 2.-Cluster security 3.-High liquidity of international financial markets, demand factors.		1.-Risks associated with acquisitions and strategic investments. Complexity, Integration of business cultures, and identification of synergies	1.- Bernardo Vargas, KPMG Head in the Community. (Periódico Mediterráneo) 09/01/2015 2.-KPMG, S.A., 2019. El sector del azulejo en España Mayo 2019 kpmg.es A través de 21 grandes empresas.
PricewaterhouseCoopers		1.- Increase profitability 2.- Increase efficiency and competitiveness		PricewaterhouseCoopers el Economista Comunitat Valenciana 19/10/2019
Deloitte	1.-Irreversible, non-exclusive process, 2.-Remove a warning, force new dynamics in existing firms	1.- Positive dynamics characterized by its adaptation to the context		Gerardo Yagüe. Partner, Deloitte Periódico Azulejo. Mediterráneo (17/02/2020)
Main Network	1.- Strengths of the sector 2.- Capacity for growth			José Ignacio Lluch. Director and founder of the consulting firm Main Network, Periódico Azulejo. Mediterráneo (17/02/2020)

Summary of opinions of the main actors of the cluster on the acquisition and concentration process CONT.

Type of organisation	Motivation	Positive effects	Negative impacts	Observations
Political administration				
Regional Ministry of Sustainable Economy (Director General for Internationalisation)	ee	The effect is positive, if the company is at risk of closing, "since it guarantees the continuity of the activity and, therefore, of the jobs".	The effect is negative if investment funds see the sector merely as a speculative asset	Mari Parra, General Director of Internationalisation of the regional Ministry of Sustainable Economics, El Economista Comunitat Valenciana, 19/10/2019
Business associations				
Ascer	1.- They have growth potential 2.- Short, medium and long-term profitability	1.- Attract new investors who help develop business strategies. 2.- Help develop business strategies with greater dimensions 3.- Generation of economies of scale 4.- Increased productivity		Vicente Nomdedeu The president of the Azulejera employers' association, ASCER 'elEconomista Comunitat Valenciana 19/10/2019
Confederación de Empresarios de Castellón (CEC)		1.- Improve the capitalisation of firms 2.- Management of jobs		Rafael Montero Secretary General of the Confederation of Businesses of Castellón (CEC) Periódico Mediterráneo) 09/01/2015
Chamber of Commerce of Castellón		1.- Maintenance of jobs	1.- Pressure on SMEs that must add value or specialise with market niches	Javier Valls, Managing Director of the Chamber of Commerce of Castellón

Summary of opinions of the main actors of the cluster on the acquisition and concentration process CONT.

Type of organisation	Motivation	Positive effects	Negative impacts	Observations
Professional associations				
School of Economists of Castellón		1.- Necessary 2.- Cost reduction 3.- Improvement in quality 4.- Improvement in price control 5.- Employment services provider		Jaime Querol Dean of the College of Economists, (El Periódico Mediterráneo) 17/02/2020
University				
UJI-GVA Economic Model Chair	1.-Reasons for the offer. Great liquidity financial markets		1.- Loss of rooting territory (territorial perspective) 2.- Loss of share capital, exchanges of information and knowledge between firms 3.- Speculative movements	Director of the UJI-GVA Economic Model Chair (Periódico Mediterráneo) 17/02/2020

