

Elites
Choice, Leadership and
Succession

Edited by

João de Pina-Cabral
and
Antónia Pedrosa de Lima



Oxford · New York

2000

*'How Did I Become a Leader in My
Family Firm?' Assets for Succession in
Contemporary Lisbon Financial Elites*

Antónia Pedroso de Lima

In this chapter I shall discuss the processes by means of which family members become successors to top executive places in large Portuguese familial enterprises.¹ Succession has been a central topic in anthropological reflection about the continued existence of social groups through time. As Jack Goody stated in the introduction to *The Succession to High Office*, 'With groups of any significance, some provision is made either for their continuity or for their replacement. ... Unless they are simply to disappear from the social scene, all organisations ... must have some arrangement for the transition of corporate property and for succession of key personnel' (J. Goody 1966: 1). Thus Goody argues that, in order to guarantee their reproduction, social groups (corporate by definition) invest particular persons with a special kind of authority and of power and, consequently, that this urge for reproduction is a defining characteristic of society.

However, we should not presume the existence of these arrangements for succession of key personnel. They are produced only when the people involved identify themselves with some supra-personal identity in such a way that they feel the need to guarantee the existence through time of the social system in which they act. Therefore, what we need to know is how, in specific historical circumstances and with the existing power relations, certain people claim to be the most powerful leaders in the group, the ones that will promote its continuity. On the other hand, we need to analyse how those who will be invested with authority over the management of the collective resources are chosen. The actual existence of a succession project must be rooted in a collective vision of the future: a family project based on a shared past and on the will for a shared future. What seems of interest here is this urge for continuation: how and why people produce mechanisms that make continuity possible. Thus, the strategic conduct of those who want to be (and can be) potential successors - the processes by which they produce themselves as successors - are central to

this debate. In this way, rather than talking about reproduction, we must analyse social continuity as a *constitution process*,² because every continuation is the product of the conscious action of social subjects, of men and women moved by their will, feelings and ambitions.

When we look at the processes of succession to leadership positions of large family companies, we can see that they are not single events that occur when an old leader retires and passes on the torch to a new leader. They are complex processes that are driven through time, in different domains of action, depending on the continuity of some elements that exist in the present. Rather than analysing succession as part of a reproduction process, we must look at the processes of differentiation between descendants. We must centre our attention not only on the strategies developed by the leading generation for passing on assets and different kinds of powerful knowledge to members of the next generation, but also in the personal investments the latter make, or not, to continue the family firm in the future. The question I want to discuss is, therefore, a complex one which involve the following items:

1. how family members transform themselves into heirs;
2. how potential heirs are heirs to different roles; and
3. how heirs to the same roles create distinctions between themselves in order to become more likely candidates.

The analysis of the dynamics of succession processes in these large-scale family firms can, thus, provide a central dimension for understanding the strategies that lie behind the transmission of leadership roles, financial assets and personal power among the Portuguese financial elite.

For this purpose I will focus the discussion on fieldwork I have been carrying out in Lisbon among eight high-status families who own large family companies, in existence for at least three generations that belong to the list of the 100 most important Portuguese enterprises.³ The continuity of the family firm is an openly stated aim of these wealthy families, and, as I will try to show, is what ensures the formation and perpetuation of elite dynastic families in Portugal.

Any study of the processes of choosing a family successor to management positions in family firms implies the study of the enterprise's developmental process as an integral part of the socio-economic national context in which they take place. This is particularly relevant in Portugal, where the political transition from a dictatorial regime to a democratic one, which occurred in 1974, introduced a great deal of change in the national economic, political and social order. These changes had deep implications for the developmental processes of the enterprises and their associated dynastic families, which constituted (and, once again, constitute today) the core of the Portuguese entrepreneurial elite.

Partners and Relatives

The large-enterprise-owning families I have been working with constitute a central element of Lisbon's social and financial elite. Although they do form an identifiable social group, they are not a neatly defined community.⁴ They share interests, ideals, a way of life, attitudes, forms of behaviour, and ways of being, acting and dressing, and they form a close web of relations, into which it would be very difficult for an outsider to enter.⁵ In fact, the primary context of production of these characteristics is the area of domestic relations. It is mostly there that the codes, values and attitudes specific to this social-cultural-economic group are learned, making it possible for children to succeed their parents in their social practices, their social relations and their jobs. The familial universe is, therefore, a very important context of analysis of this social group. It is worthy of note that these Lisbon elite families are organized in an explicitly 'conservative way', based on family values, such as patriarchal authority, seniority, birth order, gender belonging and a profound adherence to Catholicism.

The conservative character of these values seems to derive from the fact that they are based on the ideological model of the *Estado Novo* (The New State - the dictatorial regime of Salazar 1926-74), a political regime that members of these families supported and in which they occupied important public positions. Salazar, former leader of the Centre Catholic Party (Partido do Centro Católico), was a conservative, Catholic dictator who held that 'God, Nation, Family, Work and Authority' were the most important national values. In the areas of family life, youth education and culture in general, Salazar tried to mould civil society to his nationalist, corporatist and Christian conception of the 'world and man'. The social and economic policies of the *Estado Novo* were oriented by 'traditional' principles of Christian doctrine and morals, and were supported by the Catholic Church. Familial ties were of central importance for the maintenance of the social order during that period. Salazar maintained that the family was a metaphor for the Nation, which he saw as one large family. Just as men were the heads of their families, Salazar was the head of the Portuguese Nation. And, just as within the family children and wives must respect and obey the husband/father, the head of the family, the children of the Nation must also respect and obey Salazar (cf. Almeida 1991).

The revolution of 1974 opened the way on the development of democratic processes, not only in politics but at all levels of social life: domestic life, gender relations, choice of religion and educational principles. An expansion of civic and political freedoms and individual rights as well as the legalization of divorce⁶ and economic development have had profound effects on the Portuguese family and familial relations. As a result, the *Estado Novo's* conservative family values are now clearly on the wane among most other Portuguese social groups. However, for the elite financial families I have been working with the preservation of these conservative values, constitutes a primary factor for the maintenance through time

possessions that symbolize the family and guarantee the continuity of its unity. Business becomes, in this way, a central component of familial identity, and increases the dynastic sense of the family group. As these large family groups continue through time they legitimize their dynastic sense.⁷ The fact that the enterprise is family-owned is therefore what guarantees the continuation of both the large family universe and the enterprise.⁸

Thus, in this social group, familial values - the ways of being and living in the family - are crucial elements in defining the ways by which the economic group works and continues. The reverse, however, is equally true. Familial relations are not only kinship relations. They are built over a web of economic interests, and they bind together people with opposed interests in the enterprise. The processes of choosing a successor to the leadership positions in the firm is central for the accomplishment of the objectives of continuation of both contexts in which they live. Through these processes, family and enterprise become not two things but one: they form business dynasties - what George Marcus called 'family-enterprise formations' (Marcus and Hall 1992: 15).

The Family Company and the Formation of Dynastic Families

In his book written with Peter Hall *Lives in Trust* (Marcus and Hall 1992: chapters 1-3), George Marcus showed how in Galveston, Texas the dynastic sense of the families he studied was promoted by their collectively shared fortune. 'There is no compelling reason for descendants to maintain other than casual relations, but for the fact their reified shared wealth intrudes constantly into their mutual relations and individual lives' (cf. Marcus and Hall 1992: 56). In Portugal what promotes that dynastic sense in these old wealthy entrepreneurial families is the family enterprise itself and the family urge to continue in time.

Let me demonstrate my point by introducing a particular case.

The Espírito Santo Group belongs to the family with the same name. It is the second largest Portuguese economic group, and its national and international activity is extremely influential and diversified: five banks (two in Portugal, one in Luxembourg, one in Brazil and one in Florida), two insurance companies (in Portugal and Brazil), telecommunications, real estate, agriculture and cattle-raising. Their first bank was founded at the end of the last century by José Maria Espírito Santo e Silva, who started life in Lisbon as a poor but daring middle-man of the Spanish lottery. In only two decades he made a considerable fortune, acquired important social relations and gained considerable respectability. He fathered five children and, through their successful business activities, father and sons built a formidable international web of business and friendship relations, forming the second most important Portuguese economic group prior to 1974, with an enormous international sphere of influence. In 1974, the Democratic Revolution and the process of nationalizing banks and insurance companies forced a majority of the members of this family to flee to Brazil, England and Switzerland. Abroad, they established a new and soon-powerful financial group, with international associate partners, but still

of wider family ties that, in turn, are a central element of the continuity of the large family firm.

There is a high rate of inter-marriage among elements of the families who constitute this financial elite. This endogamy makes it possible to maintain the social group as a unified and closed one. By systematically marrying inside the same group of families, previously existing ties of solidarity are strengthened, both on a social level and on a financial one. By way of the sacred commitment of marriage, matrimonial alliances between families are created that also enhance their economic relations. Later on, the birth of children will further strengthen these unions, legitimizing family fusion.

People from all the families I interviewed stressed the idea that the family-owned enterprise is felt to be a collective project, although each family member has different expectations of it and attributes to it different meanings and personal investment. That is why not all of them want to be actively and directly involved in the family firm. Some of them decided from the beginning that this was not a reasonable option for them, and they have assumed other roles in the family's life. Nevertheless, almost every family member is integrated in the collective project of the family firm, in one way or another, personally investing a great deal of effort in what is their primary source both of social prestige and of economic income.

The importance that individuals attribute to the collective economic project varies depending on whether they own shares in the enterprise or not. For the ones who are shareholders, the continuation of the business is central for the maintenance of their income, and of course, for their social status. But even for the ones who do not own shares, the success of the company is vital. The fact that their social identity is associated with the family (by means of the family name they carry) grants them considerable social prestige. Therefore, the association of the firm to the family is of central importance for these people. Thus, even though family and enterprise do not have the same importance and meaning to every family member involved, most of them invest something in their continuity and development, as they can safely expect to receive some dividends in return.

On the whole, one can argue that the formal organization of these large and complex legal and economic enterprises is consciously built according to the best organizational models available, and by the most competent managerial professionals. However, they are also constructed over a web of familial relations that unite shareholders, who also share a strong and conscious investment in their common familial relations. As a result, they live together, work together and socialize together. This daily familism creates an intense feeling, which is crystallized in the sense of sharing something in common: a family name, a history, ancestors, family houses, titles of nobility, enterprises and a common aim - to perpetuate all of this. The family enterprises constitute, therefore, a central part of the shared

maintaining the family majority. Their excellent relations and prestige in the international world of finance were central to this new beginning, as their financial rebirth required considerable financial credit and powerful associate partners.

In the mid-1980s, a slow return to Portugal was started. And as the privatization processes began, they bought back their old enterprises. By the mid-1990s, they had fully regained their top place in Portuguese economic life. Now in its sixth generation, what is called the 'Espírito Santo family' is a large and extended universe of people, divided into five large branches, and composed of 450 people. Although most of them can reconstruct their complex and extended genealogical relations by heart, they do not maintain a regular base of contact, nor do they maintain strong personal relations between the diverse branches. The Group's annual general assembly at Lausanne, Switzerland, is an ideal occasion for all the family members who own company shares to meet each other. The family also meet at institutional events held by the Group's enterprises and at funerals. Family rituals like Christmas, Easter, weddings or anniversaries are celebrated within the individual branches stemming from each of the founder's five children.

For the Espírito Santo family it is their common familial project - the financial group - that creates the conditions that maintain active relations within their very large kinship universe.

As a family grows into its fourth, fifth and sixth generations, its several branches form a very large group of people, some of whom are so distant that, if it were not for the fact that they share a link to the family enterprise (which they do not want to lose) they would, most likely, not know each other. Their family economic group acquires the role of a most valued symbolic patrimony. Being such an important part of the family group identity, the enterprise becomes the *raison d'être* of the family, since it engenders a sentiment of the family as a group of shared substance. Therefore, shared kinship is not what sustains active kinship relations in this dynastic family. The Espírito Santo family case demonstrates that the existence and continuity of the enterprise is the primary reason for maintaining effective kinship relations. Furthermore, I believe that this is true for most of Lisbon's elite entrepreneurial families. Within this group the main reason for the formation of these dynastic families is the fact that relatives are business associates, and not that they share a family fortune, or the family's constitutional cultural values - such as blood, sentiments or a shared past. In other words, working together in bringing about the development of the family firm is what actually unites them, and preserves them as an identifiable social unity. In fact, the many cases of extremely wealthy families who have shared a fortune and proceeded to consume it, show us that the mere existence of a fortune is not what produces effective binding family ties. What keeps family members together is therefore the fact that the large family firm is a collective project, and the consequent need that they work together in order to ensure its maintenance.

The rather special basis on which familial relations are built in this social group provides them with different kinds of kinship relations to

those that characterize other urban Portuguese social contexts. The existence of these large familial firms over several generations creates, therefore, a particular situation in the large family universe. This could explain why, within this social context, it is common to find a deep density and relatively cohesive relations uniting people from the various branches, something that is otherwise quite unusual in Portugal today. Nevertheless, George Marcus noted the same occurrence among American dynastic families, and argued that these families 'have achieved durability as descent groups in a bureaucratized society by assimilating, rather than resisting, characteristics of formal organizations which are usually assumed to be antithetical to kin-based groups' (Marcus and Hall 1992: 15). Thus it is possible that we are witnessing here a phenomenon with wider sociogeographical implications associated to these large family-enterprise formations. In this way we could say that, whenever an economic project owned and ruled by one family manages to reproduce itself with considerable success over decades, in both the economic and the social domain, it promotes the maintenance of rather close ties between members of the large family universe, and opens the way to the existence of large dynastic families in Western industrialized societies.⁹

The Importance of Bearing the Family Name

The relative cohesion of the diverse branches of the large Espírito Santo family is cyclically shaken during moments of succession to leading positions in their companies.

The founder's three sons succeeded him as president of the Bank, in birth order. When the last of them died it was not clear who should succeed. The eldest son of the founder's first-born son was considered to be prone to conflict, and although he was the vice-president (and thus, according to the Bank's statutes the legal successor to the presidency), no one wanted him to assume the presidency. At that time, the group's senior member was CR, husband of a daughter of the founder's second son, who had exchanged his military career for a second distinguished career in his father-in-law's enterprises. But as he did not have the family name he could not succeed: you know, people have trust in our bank, in our family. For someone outside the family to assume a bank's leading position, even as old and important a partner as CR, would separate the image of the bank from the trust given to our family, it would betray our clients' confidence' (J.M.E.S.S.). So, the eldest son of the deceased president, MR, who had the skills and the family name, was chosen. In this succession situation, between two very skilled men, blood spoke louder than business seniority. MR was a very consensual person, who had been thoroughly well trained by his father to become the president of the bank and the patriarch of the family. This is the argument as presented by the family. I found out, however, that in this succession crisis, the branch to which CR was linked was not at the time sufficiently strong and powerful to compete for the role of president, as it was formed by Espírito Santo women and their husbands. This fact was felt to be such a disqualification that, in his will, RES - the C's father-in-law - gave all his bank shares to his grandchildren, granting to his daughters only usufruct until such a time as his grandchildren became of age.

As we can see, in the context of family business, being a good professional is not enough to succeed to the presidency of the firm. To occupy that position the fact of carrying the family name, the name of the firm,¹⁰ is of central symbolic importance. It gives expression to the notion that family members must occupy top leadership positions. In the words of JVG (president of the major Portuguese construction company) 'the owner's foot is the earth's manure.'¹¹ On another level, this example makes it clear that the family name is as much an important commodity as the family house or enterprise shares.

Business Men and Family Managers: Gender Bias among the Portuguese Financial Elite

If temporality is, as I have argued, a central issue to understanding this elite family context, so descendants are central elements to its continuity. We have seen that a credible successor must carry the family name. As in Portugal the transmission of family names favours agnatic continuity, only men can guarantee the continuity of family name and family nobility titles.¹² No daughter and no son-in-law, as good as they may be, are able to do this. So the continuation of the family depends on the existence of male descendants in every generation. This is a most important point, as it reveals the effectiveness of the symbolic power of the family name and, as a consequence, attributes a totally different status to boys than to girls. This became very clear to me in two fieldwork situations. The first was when a member of the administration board of an important Portuguese bank was making a list, at my request, of his brothers and sisters. He always referred to his sisters by the family name of their husbands, as if they were no longer part of his family. The second one occurred during a conversation about family name transmission with MMB (great-granddaughter of the BES founder). With her family genealogical chart in her hand she said 'you see, it is very clear, blood passes through men'. Although equally loved, boys are generally more desired than girls, because they are the only ones who move the family through time. Therefore, boys have a symbolic value of central instrumental importance, as they can guarantee that the family, symbolized by its name, will survive across the generations by means of legitimate heirs.

The cultural values explicit in these gender distinctions are also neatly perceived in the different ways men and women participate in the family enterprises they both own. In this social context, business is clearly men's business. It is only in today's generation that we can find some women shareholders working in their family firms. Normally, however, they occupy positions of lesser responsibility.

A 55-year-old lady once told me that when she was young she wanted to have a college degree, but her parents strongly maintained their ideas about what a girl in her position should do. She should prepare herself to be a good wife, with enough cultural knowledge to be an interesting and educated hostess for her future husband's social needs. So, after leaving the Convent of the Sacred

Heart in Brighton, where she attended high school, she went to Florence for two years to study art history, in a college where she met a great number of girls of her age, belonging to the European social and financial elite, who are still today some of her best friends.

This lady, however, is an exception. Most of the women of these families do not evince any desire to acquire professional training, or to hold a job in their family's enterprise. As they are socialized in patriarchal and male-centred family values they are the first ones to defend the importance of their exclusively familial role. As Sylvia Yanagisako noted 'this does not mean assuming that women have no desires, but rather assuming that their desires are shaped by dominant ideological representations of gender' (Yanagisako 1991: 334). Portuguese elite women are not supposed to work at the same level as men do. Their work is to keep their family healthy, both their own nuclear family and their universe of near kin. In fact, it is through women that family relations are kept alive in these large dynastic families. They are the ones who maintain up-to-date information about their relatives of every branch of the extended family by means of the intense and frequent uxorial relations that unite mothers and daughters and sisters and grandmothers. In this way, they create rather solid familial ties, and become the ones through whom men relate to each other. In this social group, a highly prestigious lady is one who has raised a perfect family, who is educated, charming and a good hostess. To be a lady, women must adhere to the cultural symbols that define a 'proper woman' in this context and not the ones that are used to value men.

Here again we can witness the influence of the Estado Novo ideology in the behaviour, values and attitudes of this social group. The expectations placed on feminine activities were so important to Salazar that, in his attempts to impose his doctrinal project to levels of Portuguese social life, he invested, in a most obvious way, in the 'education of women' through the creation of formal institutions, like the *Obra das Mães para a Educação Nacional* (Association of Mothers for National Education) and the *Mocidade Portuguesa Feminina* (Portuguese Youth Female Branch). The objectives of these institutions were 'to stimulate in young Portuguese women a culture of spirituality and devotion to social service in the love of God, the Nation and the Family' (quoted in Rosas 1996: 609). They sought to educate the 'new Portuguese woman, as a good Catholic, a future prolific mother and an obedient spouse' (ibid.). The woman-mother's mission during Salazar's regime was to dedicate herself to her family home and 'to be its guardian'.

It is in accordance with these ideals that the women of these elite company-owning families are expected to co-operate in family business on a different level from that expected of men. They must take care of their family homes, the visible and public image of their collective prestige, where they maintain social contacts with the most prestigious families of the financial world. Women are also expected to carry out the fundamen-

tal activities of organizing the social events associated with their husbands' and brothers' business arrangements. Through these activities we can see how women carry out activities central to their family enterprise formations. Their invisibility is, therefore, only apparent.

As we can see, in this social context, sons are seen as successors to the business and daughters as family maintainers. This distinction is very obvious from childhood. In my interviews, a common item of male conversation was to talk about the visits they made when they were young boys with their fathers to the enterprises or alternatively about the work in unskilled jobs that they carried out during their holidays in one of the family companies. A parallel event occurs with women, who talk about being young and helping their mothers or grandmothers to organize important tea or dinner parties, learning which china to use on which occasion, which tablecloth is more appropriate or where to seat people at the table.

Since they are expected to perform different roles in their family's destinies and their family's enterprises boys and girls are treated differently. And yet, Portuguese inheritance law makes them equal beneficiaries of their fathers' fortunes. This legal disposition dictates an absolutely egalitarian distribution of family wealth among descendants, whatever their gender or birth order. However, people can always create a space for familial strategies of sibling differentiation. This can be done through a great variety of *inter vivos* transmissions of assets and of non-material capital. Therefore, if the leaders of the family firm want to make sure that only boys will be able to succeed to managerial roles, they must invest other dimensions in them than simply patrimonial transmission.

As work at the enterprise is the first step to eventually obtaining a leadership position, excluding daughters from the possibility of getting the kind of knowledge needed to work there is the most effective way of guaranteeing that they will not be potential successors to the leadership in the firm. So socializing young girls in the cultural values that associate men with business and women with family is therefore of central importance, as it guarantees that women accept their own exclusion from any active participation in their firms, and that they will reproduce it as they become mothers. Being a good professional would not be the right characteristic for a proper lady in this social context. I found out during interviews that these ladies almost became offended if I asked them if they had ever wanted to work in their family enterprises. Work is something that these women do not need to and do not want to do. So, family and gender cultural values associated with practices of knowledge transmission are the most effective methods for the formation of male successors in large family firms and for excluding women as potential successors.

But in these families, and in these enterprises, not even all men are equal. Only one among them will be chosen to be the leader of the economic group. It is by blood that one belongs to the family. And it is by blood that one acquires the right to accede to top positions, both in the family and at the enterprise. After that, however, other factors assume

importance, as only a few that share the family substance will make it to top leadership positions.

Among Portuguese elite families there is an overall tendency for the eldest son to succeed his father in the presidency. The fact that Portuguese law has not allowed primogeniture since the application of the Napoleonic code through the Civil Code of 1867 creates an evident focus of tension in the family. However, this does not mean that efforts to adapt this ideal have not been made since the application of the civil code of 1867. In order to bring the family ideals of roles and property transmission into line with the current law, complex family strategies have been developed. How to prepare the eldest son to reach the leading positions in the firm, if by law he is equal to the others? There are many different strategies to bring about this ideal of primogeniture. The effectiveness of each one depends essentially on the existing family alliances and on the respect, trust and professional training each person manages to acquire.

This process of creating differences among equals is what most interests me. In fact, this is not a simple process of transmitting shares, positions, and fortunes to a particular person of the next generation. It is a complex one, where the leading figures are the members of the 'emerging generation',¹³ who are preparing themselves to accede to important positions at the enterprise, against their peers. We are not dealing with a univocal transmission process, where continuity is a reproduction of the past. In fact we are dealing with a *constituting process* in which the new conjuncture is built by some members of this emerging generation, who articulate in their actions and strategies, references and values from the past (inherited goods, relations and values) in the context of the new needs and values of the present. The ones who achieve this with the approval and trust of the family will become the successful successors in the family.

Professional Formation and Relational Capital: The Major Legacies in the Successful Formation of Successors

The maintenance of the familial control over the enterprise is a central issue for the 'controlling generation'. This process involves a clear tension. On the one hand, it is of central symbolic importance that a member of the family succeeds to leadership positions in the firm. But, on the other hand, hegemonic ideas about who should fulfil these jobs in this social context are based on economic rationality and the belief that the only legitimate way to occupy those positions is by means of professional competence. In this context, the ideals of economic rationality and meritocracy, and not filial descent, must be followed. So, we find ourselves in a domain where the economic rationality that symbolizes the public legitimacy of prestige, status and wealth collides with the familial ideal of a filial passing on of the torch. The values and ideals of the family have had to adjust to the hegemonic ideals of the market society, which demand outstanding professional formation. Again, this is clearly seen in the Espírito Santo's family example.

In August 1995, however, an important new choice of president for the bank was required. This time the presidency was conferred on CR, who had previously been passed over. What had changed? By 1995, when MR died, the long period of living abroad had changed the balance of forces within the family. Two other factors, however, are of primary importance. In the first place, the new democratic social order installed in Portugal after the 1974 revolution, and, secondly, the fact that the Espírito Santo Group was now no longer exclusively familial. Thus, in 1995, in spite of his not bearing the family's name, the presidency was given to the only living member of the older generation - R - as a symbolic act to ensure the continuity of the old family project and by 1995, the CR's branch had acquired sufficient power to recapture the presidency of the group. They had invested great efforts in the professionalization of their members (now the fourth generation of the family) and have clearly proved their excellent management and leadership qualities with their central contribution to the processes of rebuilding the economic group abroad and recapturing the family's old business in Portugal. Now the CR is the president of the Group and his eldest nephew in his family branch is the executive president of the Group as well as the President of the Bank.

As this professional context is ruled by competence, enterprise leaders have to support strict principles of equal opportunities and meritocracy to fulfil their companies' board needs. In fact, at this high level of national and international economic relations, family members are very conscious that the stakes to be lost by poor decisions are substantial, and they know that their economic and social future depends on good choices. In fact, if they are to guarantee economic growth, credibility and trust from the public investors in their firms, leaders must ensure that they have the best managers in the key executive positions. Young members who want to enter into the business must train themselves in such a way that they can win an open process of selection for the most qualified posts. It is through their own personal investment that they can turn into good professionals or relative failures, and be chosen to occupy leading positions in their family firms. Of course, this is also a result of the great investment made by these families in the formal education of their children. But, if the children had failed to undertake the necessary effort, all of this would have been in vain. Successors must produce themselves, because professional training and managerial experience make all the difference between close male kinsmen.¹⁴ Consequently, relatives who enter the family business must be competent professionals.

To assume leadership roles in the family enterprise, kinsmen must be seen to fulfil meritocratic criteria. This is the reason why these families make a great investment in their male descendants' academic education, in order to provide them with the most unimpeachable professional qualifications. On this basis, even in a situation of public competition, they can always be the professionals who are best prepared to occupy the central decision-making positions in their family enterprises.¹⁵ Therefore, to qualify for a leadership position in their own company, family members must

be able to demonstrate publicly that they have the requisite knowledge and ability and an interest in contributing to the company's development. In this environment, family members who reach the top executive positions in the firm truly have to be seen to earn their positions. In any case, we should not think that these are mere strategies of manipulating competencies, as the two things are interconnected in a complex way. We are in the presence of a new conceptual framework of kin meritocracy that legitimizes economic rationality and egalitarianism and the dynastic ideal of these families, and adjusts the legal requirements to family values and ideals.

It is their significant financial capital that allows them to have access to the best schools in the world, where they can guarantee the best cultural and professional capital for their children. The children from these families, usually, go to the same schools and, as they grow up together and become colleagues and friends, they will continue to reinforce and extend the web of their parents' economic and social relations.¹⁶ But we must not forget that these young members of the Lisbon financial elite have access to a kind of knowledge that is not publicly learned in business schools, but that is learned inside the family and in the informal social relations within their social environment. This is what makes them different from other good professionals. The relational capital of their families and the privileged social environment in which they live are exclusive assets of this financial elite group, and cannot be bought or learned by others. Restricting access to these social and relational capitals to themselves, they guarantee their members' access to high managerial positions and, thus, informally, impede the entrance of outsiders.

The fact that, theoretically, these are open schools creates the illusion that the whole system is based on meritocracy. Meritocracy in this professional and social context is, therefore, forged as a result of the economic power of these families, their powerful social relations and their high social prestige. Through this process they reproduce inequality in the larger social system. In this way, they succeed in informally closing their frontiers in a formally opened social system, and in recruiting their own people under strict principles of equal opportunities. According to Abner Cohen, these processes constitute two of the most important characteristics of elite groups (Cohen 1981: 220).¹⁷

A superlative professional performance that is also well embedded in the family's relational capital and in the assemblage of family knowledge is what distinguishes the various family heirs one from another, enabling one or two of them to become top executive leaders in the family firm. Simultaneously, this particular investment in professional training and the transmission of informal knowledge made by their seniors are the most important legacies that these families leave to their future generations, guaranteeing that these families owning firms maintain themselves as an elite social group. What we can see here is that we are not in fact dealing with a purely economic form of the power of capital. We are dealing with

a complex and composite capital in which the economic, relational, social and political family capitals form a *continuum* and are inseparable.

Top professional training is of particular importance in Portugal, where it is not common to find large family firms under the control of the type of professional administrators that George Marcus called 'fiduciaries'. According to Marcus, these fiduciaries are central figures in north American family-enterprise formations, where they have a central role in the perpetuation of both fortunes and families as corporate organizations' (Marcus and Hall 1992: 54). In Portugal, although there are a great number of very competent professionals who work in these large enterprises who do not have any kind of kinship relation to the enterprise owners, we do not find many of them occupying top management positions - such as presidencies (cf. Marcus and Hall 1992).

The reasons for the fact that outside fiduciaries are not common at present in Portuguese dynastic family-enterprise formations is probably to be found in the recent political history of our country. As a result of the Democratic Revolution, in 1974, the financial sector was nationalized, and so were other sectors of public interest. These processes took away the control these families had over their own businesses, which were then in their third or fourth generation. At the same time, the privileged social conditions in which these elite families lived before the revolution collapsed. It is worth noting that, before 1974, a small number of economic enterprises dominated Portuguese economic life, and these were, precisely, family-based economic groups. Between 1968 and 1973 the Portuguese monopolist nucleus was composed of seven large financial groups in which fourteen families predominated. In this way they controlled Portuguese economic, financial and industrial life. These families had an enormous social prestige, privileges, and a significant, yet indirect, involvement in national politics (cf. Rosas 1992 and Braga da Cruz 1992). The Salazarist concept of the family as the metaphor for, and the foundation of, the Nation constituted the conceptual basis for the legitimization of the fact that the most important Portuguese economic groups were family-owned.

The social and political conditions of the period following the democratic revolution forced most of the members of these families to leave the country (mostly to Brazil, United Kingdom and Switzerland), leaving behind them most of their material goods and investments. Abroad, they restarted their economic activities and, most of them, have quickly rebuilt their economic empires. Meanwhile, both political conditions and economic policy have changed in Portugal. After the period of socialist tendencies following 1974, the 1980s were characterized by a pro-European policy orientation that favoured privatization, and was initiated by the Social Democratic Party (PSD - a right-wing party, which included several important members of the previous dictatorial regime). Taking advantage of a period of economic and social stability, the Portuguese elite groups found the way opened to reconstituting themselves. At the end of the

1980s, when the social democratic government began the privatization processes, these families returned to Portugal to buy their old enterprises. Since then, we have witnessed the rapid growth of their enterprises, showing the great dynamism demonstrated by the new leading generation, the fifth generation in most of these cases. They have rebought their former enterprises and rebuilt their economic empires, and are now again the core of the Lisbon financial elite. The new political situation of the 1980s was particularly favourable to their return, and they took full advantage of it.

The internal processes of development of the companies owned by Portuguese families, quite as much as their owners' family cycles, were drastically shaken by the 1974 revolution. Because the family lost the control it had over enterprises, the family members were forced to start again their economic lives. For that purpose, they relied on two fundamental things: their family ties and their excellent social and business relations in an international context. They lost a great deal of their advantages, but they did not lose their most valuable assets: their social prestige and their place in the world's financial elite. This fact brings us back to a previous question. The power of this social group derives from the fact that the capital that provides them with their prestige is not exclusively economic. It is a complex compound of economic capital, relational capital and political capital. It is the fact that they have reacquired powerful positions in these artificially separated domains that shows us that even when defeated they maintain their hold on the conditions for their recovery.¹⁶

As we can see, in order to recapture their role in financial business, the members of these families could not rely on any sort of fiduciary. They had to do it on their own. After they accomplished their objectives - rebuilding their economic empires and recovering their leading economic positions in Portugal - they were so proud of it that they wanted to show to the world that they were still the rulers of their enterprises. For this reason, they could not consider handing over the command of their firms to a fiduciary. This may be a symbolic act, but it is also a demonstration of their professional success. Their professional skills and experience, allied with their social position, have turned out to be a most powerful combination. In this way, they have regained the ruling and executive places they once claimed by right as their own.

The Portuguese case clearly goes against the most well-known theory in the area of family firms studies, which states that familial firms collapse in the third generation.¹⁷ The principal Portuguese family-based economic formations of Portugal are now in their fourth and fifth generation, and there is no evidence either of collapse or of the introduction of fiduciaries to executive places. This seems to be a consequence of the inflection given to the economic and social order by the democratic revolution. The new social and political order that the country has experienced since 1974 has created very special conditions for the third, fourth and fifth generations in management positions. Individuals of these generations arrived at

the top positions of their family firms in the late 1980s with an unusual dynamism and strength. Far from being able to rely on formerly acquired glory, they have had to prove their abilities in order to return to Portugal and to rebuy their enterprises and regain their position as rulers of the Portuguese financial elite. And, since they want to keep their ruling positions, they have had to provide the next generation with the same patrimony as they have had. This has turned out to be the most powerful weapon to legitimize management succession in Portuguese family-owned businesses.

To sum up, we can argue that the high professional positions of the members of Lisbon's financial elite are legitimised and empowered by a specific type of inherited capital which, in fact, is an articulation of several distinct types of capital. Each of these represents a most effective differentiating element:

1. they possess a highly valued material patrimony that passes from generation to generation, to which each one of them adds his or her own personal investment, further enlarging it;
2. attending prestigious international schools confers legitimacy on their academic training;
3. the entrepreneurial tradition of the family adds value to their professional experience;
4. personal and familial relational capital constitutes a precious good, just as transmissible as any other material good. Its effectiveness is evident in the example of the Espírito Santo family's having recovered their entrepreneurial patrimony. Furthermore, this is a capital that needs to be constantly fed by continuing social activities and contacts; and
5. each generation's group of friends - the sons and daughters of their parents' friends, school colleagues and relatives - forms a solid base for the constitution of the social group and for the network of close relations that will support them in their professional future and from which they will choose their spouses.

Concluding Remarks: Articulating Familial Motivations with a Globalized Economy

Throughout this chapter I have argued that large family enterprises that want to continue to be run by family members have to introduce criteria of economic competence in the selection of family successors if they are to continue to hold their top positions in the national and international economic contexts. This specific kind of enterprise is permanently challenged in its objective of continuation through time. Thus they have to coordinate their family motivation - the desire for direct succession - with the rational and objective logic of economics. We cannot, therefore, discuss succession as a fact of filial descent in this social context. The tools of tra-

ditional Portuguese family succession - such as male primogeniture and entailment - cannot be applied any longer, as there are legal constraints that enforce equal treatment of descendants, and because of the requirement of professional competence. This means that there are no natural successors to leadership positions. Family successors have to fight their way to the top by means of personal professional merit, which is, nevertheless, mostly a result of their parents' conscious investment in their formal education. Patrimonial transmission from parent to child must be seen as being composed by: the family name, professional preparation and relational capital. Through this process, these people guarantee their future not only as a firm, but also as a family.

We have seen how these processes of production of successors contribute to making Lisbon's financial elite a closed social group. As they continue to marry among themselves, they close even more their invisible frontiers, which contributes to the continuation of the privileged conditions for future generations. Privilege is passed from generation to generation. They have, thus, created a new process of succession, based on modern economic and meritocratic rationality, that substitutes itself for the traditional succession process. In this complex process we can see that there are, in fact, two perspectives: that of the declining generation, which is trying to produce successors on its own terms, and that of the emerging generation, which is constructing its own future by reproducing inherited capital in the face of new values and new economic requirements. Rather than merely reproducing its family firm in the terms dictated by the declining generation, the emerging generation creates its own means to construct the future of its enterprises.

Finally, I would also like to draw your attention to the fact that, in the social domain of the international financial elite, the world economy is based on face-to-face relations. In fact, the family-based economic groups that form a significant part of the Lisbon financial elite have a significant influence on Portuguese national life and, consequently, have a significant voice in international economic and Portuguese political relations. As part of the principal national enterprises and with their influential national and international web of personal relations, these people have an informal control over some sectors of public life. This being so, their personal relations have large-scale implications.

The study of personal relations can, therefore, acquire importance as a means to understanding global phenomena. Anthropology, focusing as it does these micro provides important insight into an area usually dominated by a macro-economic perspective.

Notes

1. I am grateful to João de Pina Cabral, Manuel Pedroso de Lima and Susana de Matos Viegas for comments on a first draft of this chapter as a conference paper. The discussion of this paper in the workshop *Succession and Leadership in Elite Contexts*, especially the comments made by the discussant, Sílvia Yanagisako, provided a stimulating basis for some reformulation.
2. I would like to thank Christina Toren for the introduction of this concept in the discussion, and for calling my attention to the advantages of an upwards perspective in the discussion of succession processes. In fact, the concept of succession implies a top-down process of transmission. But as there are two generations involved in this process, we must analyse the question from both sides. (Toren 1999)
3. This field research, 'Large families, Large enterprises', began in 1995 and has been co-ordinated by João de Pina Cabral with the financial support of Junta Nacional de Investigação Científica e Tecnológica, project number PCSH/C/ANT/851/95. In the course of fieldwork I interviewed various members of each family, trying to grasp as many points of view concerning both family and business as I could. For each of the eight families, I interviewed the presidents of the firms, the executive leaders, the family patriarchs, small shareholders, family members who do not own shares, women, young people beginning their professional lives in and out of the family business, and young people in the process of choosing a profession. This diversified universe of people allowed me access to a number of different experiences of living in that particular social context. Moreover, this allowed me to understand how different family members attribute different meanings to and make different investments in both the enterprise and the family. Collating information gathered from people living in the centre of the familial enterprise and on the margins allowed me to create a better picture of the social group as a whole.
4. For more on the discussion of elites as a specific social group see Nadel (1990). In this article the author discusses how a group of people who share the same social status are transformed into an elite: 'Elites ... must have some degree of corporateness, group character, and exclusiveness. There must be barriers to admission, ... they must form a more or less self-conscious unit within the society, with its particular entailments, duties and rules of conduct in general' (ibid.: 33). He argues that for that to happen, people sharing an elites status need a minimum of corporateness to identify themselves as a group, and that it would be difficult for an outsider to be included in the group as a member.
5. This 'exclusiveness' and the 'difficulties in admission of new members' are important characteristics of elite groups as have been pointed out

6. by many authors who have discussed the subject (cf. Cohen 1981; Bottomore 1965; McDonough 1988; Mills 1956; Nadel 1990). Before that legal divorce had been forbidden since the constitutional revision of 1933.
7. I use the concept of dynastic families following George Marcus's definition: 'A distinctive feature of the stronger families is a dynastic tradition or ideology that seems to have an emotional and cognitive hold on descendants' (Marcus and Hall 1992: 86-7) In this way a family dynasty is 'as much a family, as a fortune, as a class desire. ... It is a formal organization of an extended family, a corporate' (ibid.: 7).
8. I do not want to use the concept of 'extended family' because it connotes a unity of residence. 'The resident familial group alone is in question, not the kinship network, nor any "familial" relations between distinct households' (Laslett and Wall 1978: ix). The large elite family is a group of conjugal families and their descendants. Each one of these has a separate, independent and autonomous residence. The strength of the familial relations that unite them leads to the formation of a somewhat cohesive group of relatives. What we are witnessing with these large families is a deep density of relations between genealogically distant relatives, which is otherwise quite unusual in Portuguese society. By 'large family universe' I mean the universe of relatives of the diverse branches that derive from the founding couple. This was determined by the founder of the firm, whose importance in extremely well noted by Marcus: 'the entrepreneur created three things as an integrated part of his life history: a business organization, a family and a personal wealth. Family/Business formations developed in cases where the entrepreneur transmitted all three creations in a similar integrated way to members of the second generation' (1992: 21).
9. A similar conclusion led Marcus to characterize these rich dynastic families as 'an admittedly tribe like phenomenon' (ibid.: 4). Although it is of great interest to find this kind of occurrence at the top of the social hierarchy in Western bureaucratic societies, I believe we should avoid the introduction of these kinds of theoretically connoted concepts. Rather than being based on the filial descent criteria that have traditionally characterized tribes, these dynastic formations develop through complex succession processes based on the strategic manipulation of economic, political, and familial criteria. For this reason, even if these dynastic families do look like tribes, which they are not, we should not treat them like tribes. Nonetheless, anthropological reflections on descent theory have shown, since the 1960s, that not even tribes in segmentary societies follow a criterion of lineal descent. For more on this discussion see the chapters by Brempong, Lentz and Toren in this volume.
10. It is interesting to note that most of the family businesses in Portugal are named after the family names of their founders.

11. 'O pé do dono é o adubo da terra.'
12. It should be stressed that, although there is an agnatic tendency in the family name's transmission, Portuguese law is not restrictive in this regard. This fact opens the way to a number of different legal combinations in Portuguese family names. João Pina-Cabral has argued that, in this flexible legal context, the choice of which family name people give to their children when they are born, or choose to use in their daily life (these are not necessarily the same) depends mostly on the social prestige attributed to the family name of their father or of their mother (cf. Pina-Cabral 1991: 174-6). MMB (grand grand daughter of the BES founder is an excellent example. She did not have the family name Espírito Santo, only her father's family name. At 37 years old she decided to apply officially for the inclusion of Espírito Santo (her mother's family name). After eight months of bureaucratic procedures she succeeded. This legal flexibility, and the consequent frequent use of the mother's family name has been the basis for some authors' classifying the Portuguese system of name transmission as matrilineal (cf. Bouquet 1993).
13. Cf. Lisón-Tolosana (1983) and Pina-Cabral and Lourenço (1993) for the use of the concepts 'emerging generation', 'controlling generation' and 'declining generation' to classify the relative position each age group occupies in the power structure of the larger society.
14. The MG family company is a good example of the consequences of not investing in the professional formation of the next generation. The family firm was founded in 1917, by a dynamic farmer and tradesman of the small city of Tomar. By 1930 the society had achieved great local importance, and by the 1960s it had launched in Portugal three industrial enterprises that became leaders in the national and international market in their respective areas of activity: red ceramics; transformation of oleaginous plants; and wood agglomerates. The administration board of the family society has always been constituted exclusively by family members. At the time of the death of the founder, the Presidency was assumed by his eldest son. As the result of the latter's sudden death, his own elder son took over the command of the group of enterprises. Later, a brother-in-law succeeded him, and later still, his nephew. Currently, the central firm of this group has been confiscated by the bank that was its major creditor. Many observers have attributed this economic failure to an excess of family spirit that dictated that only family members could assume roles of command within the family businesses. This ideal was so strongly rooted that it was not given up even in moments when it clearly led to the breakdown both of the firm and of family relations.
15. However, it should be noted that, in most cases, the children of these families do succeed to their parents' posts. This is, first of all, a result of the efforts of the new generation, who want to be involved and to participate in the family's project. Of course, it is also the result of the

- great investment made by these families in the formal education of their children. But if the children had failed to undertake the necessary effort, all of this would have been in vain.
16. In her book *A Family Business?: The Making of an International Business Elite* (1989) Jane Marceau demonstrates how an international business elite is built and reproduced through the careful choice of which school to send young boys and girls to undertake their graduate education. She analyses the careers of 2,000 INSEAD (Fontainebleau, France) graduates from 1959 through to 1979. This study explores how the sons of the traditional bourgeoisie of Europe emerge as a self-conscious international business elite, and demonstrates the role of INSEAD in this process.
17. In his study of the Creole elite in Sierra Leone, Abner Cohen has brilliantly shown how it is through informal relations of kinship and amity that this elite group closes its frontiers and thus reproduces its privileged social condition. He also gives an excellent example of how they create a formal meritocratic system overlying an informal system of recruiting their own people.
18. The example of the Espírito Santo family again illustrates this point very well. It was through the direct influence of Valéry Giscard d'Estaing, then President of France, and of Robert McNamara, then President of the World Bank, that, in 1975, the revolutionary government of Portugal released the 6 top members of the Espírito Santo family from prison. These 6 members were released in August 1975 and escaped from Portugal to Spain. There, in Madrid, they met for the first business meeting of the new phase. They decided to re-enter business using all the money they had at that time (20,000 dollars) to open the *Compagnie Financière Espírito Santo*, in Luxembourg. In this way, they created a headquarters for their new business ventures. In 1975, at the first meeting of the Portuguese government with the World Bank, to negotiate an important loan, McNamara invited MR to sit at his right hand, as his private guest, to show the new Portuguese democratic government publicly whose side he was on.
19. For more on this item see the works of McDonogh 1988, Marcus and Hall 1992, and Gersick et al. 1997.