Partners and Relatives.Articulating Modernity and Tradition in Portuguese Large Family Firms

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Abstract

Large family enterprises are different from other kinds of large firms in Portugal. The formation of kinship relationships found in the social context of large family firms is also of a different nature than those found in other social groups. Both features are due to the overlapping of family and economic relations that characterises large family firms. Based on research developed among large Portuguese family firms, this article analyses changes in the succession for leadership positions in these organisations over the last 100 years. Although these wealth entrepreneurial families are strongly rooted on traditional social values (as they claim their aristocratic origin) they develop strong strategies to integrate modernity symbols and meritocratic criteria in the incorporation of relatives into the firm. I will argue that the articulation of family tradition with modern economic rationality is central to the survival of traditional large family firms in contemporary world economy.

Keywords: Family Firms, Succession, Kinship, Gender,social capital, Portugal

1. Family and Business

High-status groups in Portuguese society constitute a social context in which familial relations are of great importance, both at the level of family members' daily agencyand on the far broader scale of their social and professional relations. In this article I will analyse the way familial relations become important processes by which an elite social position may be maintained. My argument is based on fieldwork I carried out on seven leading business families in Lisbon who own large firms in operation for at least three generations, and which are now, or have been, on the list of the 100 top-ranking Portuguese firms.[1] The business groups examined in this project were:Espírito Santo Group, OreyAntunes Group, Cimianto Group, Somague Group, Vista Alegre/Casa E. Pinto Basto Group and Fábricas Mendes Godinho Group.

This study shows that the processes by which these families manage to remain majority shareholders and in the top management position in the large companies they have owned for several generations is due, to a great extent, to the fact that these economic investments are considered the symbolic materialization of a familial project. This argument is illustrated throughout my research in the processes by which the leading families in Portugal's economic setting before the democratic revolution in 1974 have recovered their top financial and social positions in Portugal today**.**

As in all family businesses, people involved in these large firms constantly interact in family and professional affairs. Familial relations in this business world are built up by means of a network of financial interests that brings together people who may often have conflicting business interests. These large and complex family firms are organized formally on the best models and employ the most capable professionals, yet they are also built up on a dense network of family relations that unites the shareholders. Moreover, family values – ways of behaving and living within a family – are crucial in the definition of the formal manner in which these financial groups organize and perpetuate themselves in time.

A family business encompasses two different areas of interests which are often seen as conflicting, both in character (financial interests and common family substance: blood) as well as aims (profit-making and disinterested enduring mutual support).

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In large Portuguese enterprises, this circumstance stirs up contradictory emotions among those involved. Efforts are made to surmount these contradictions by investing in the professional training of family members who work in these companies. The successful work performance of these business family members is what ensuresthe reproduction of their financial and social status in contemporary Portuguese society (cf. Lima 2000a, 2000b and 2003).

2. Large Family Businesses in Portugal

Large family businesses have made a distinctive mark on Portugal's economy in the twentieth century. These powerful family-run financial groups first emerged in Portugal towards the end of the last century and made a place for themselves during the First Republic (1910–26). The First Republic's failure to bring about the material, political and social reconstruction of the country meant that during this period the Portuguese economic situation continued to decline while also suffering the disastrous consequences of the First World War. At the time of the military coup in 1926, Portugal's worst problem was its economy and not its politics. Portugal was then mainly an agricultural country with an emergent yet backward industry, inadequate systems of communication and a very high rate of illiteracy (cf. Robinson 1979).

When Salazar first became minister of finance in 1928, he geared his plan for the country's economic recovery to creating infrastructures for its long-term development. However, economic development plans were implemented frugally and with little vigour. Salazar's economic policy was embedded in corporative, family and traditional ideals which were clearly expressed in the ideology of industrial regulations, and it systematically obstructed free enterprise from setting up, expanding or modernizing industry and economic activities in general. Consequently, the economic development of the country was arrested and Portugal grew even more backward in comparison with other industrialized countries. The economic policy of the New State ('Estado Novo') favoured strong concentrated investment and thus contributed to the setting up and development of large financial groups named as the 'monopolist nucleus' of the Portuguese economy (cf. Santos 1977 and Pintado e Mendonça 1989) and which consisted of seven financial groups that controlled the Portuguese economy. Curiously enough, each one of these groups had a solid family base. Apart from their vast economic power, the few families that controlled these groups enjoyed a high social position and wielded considerable influence, albeit indirectly, over Portuguese politics.

The April 1974 revolution changed the situation completely. The new economic policy put a halt to the development the large financial groups had hitherto enjoyed in Portugal. In response to the failed military coup of 11 March 1975, there was a string of nationalizations on 14 March in the financial sector (banks and insurance companies), the most important industries (oil, cement, steel, fertilizers, tobacco, beer, naval construction and maintenance) and other public-interest sectors (electricity, gas, water and transport). The nationalization of private companies withdrew from the New State's so-called 'monopolist nucleus' families all control over their own businesses and Portugal's financial future, at the same time as it swept away the privileged lifestyle they had enjoyed until the revolution. The new social order and political situation of the post-revolutionary period forced most members of these families to go abroad (Brazil, UK and Switzerland), leaving most of their possessions behind. Abroad they started new business projects again and soon managed to rebuild their financial empires.

Despite the significant institutional changes brought by the political change, the fact that the Portuguese economy in 1974 was backward and fragile meant that modernizing the country was slow. The first ten years of democracy in Portugal were marked by a profound economic crisis and although the change of political regime took place at the same time, it cannot be considered entirely responsible.[2] The situation only began to alter significantly from the mid-1980s. Portugal's entry into the then European Common Market in 1986 hastened the way to a more liberal economic framework based on free market and private enterprise, and the first Community funds (starting in 1987) as well as the fall of the dollar and oil price greatly contributed to Portugal's social, political and economic stability at that time.Those who had fled the country began to feel that in view of this stability, in great part due to the re-emergence of the middle class and its standard of living, the prerequisite conditions had been met for their return to Portugal.

[2] According to José da Silva Lopes, the real explanation for this crisis should be sought in the combination of three factors: 1) the oil crises of 1974 and 1979 – which increased the price of crude oil dramatically; 2) the de-colonization process – which caused the population of Portugal to increase by 7 per cent in 1975 and 1976; 3) the revolutionary unrest following the change of regime (Lopes 1966: 240).

It was, however, mostly the start of privatizations and the opportunity for them to reacquire their former firms that enabled them to secure their financial, social and political affairs in Portugal again. Since then, these old family enterprises have grown rapidly, which reflects on the tremendous energy shown by the younger generations of the families that had dominated the Portuguese economy before the revolution and who have, little by little, managed to get back the leading position they had once lost. Several of the old family business groups that expanded in twentieth-century Portugal once again play a key role in the country's financial affairs and, though they are different in character and scale, they again occupy an important position in Portuguese society along with other new large economic groups.

The key position the family businesses held in the Portuguese economy underwent a radical change with the 1974 revolution. They no longer benefited from legislation in the form of advantageous industrial regulations or from the New State's political and ideological convictions of family values and are nowadays on an equal footing with companies with different shareholding structures. The few family companies which have managed to retain their leading role in Portugal's present-day business world had to adapt their structures, management and recruitment practices to the demands of the modern economy.

3. 'WeAre an Old Family' – The Importance of Time in Familial Identity

The study of families connected to large firms raises the question as to how these familial worlds have remained united for so many generations. Extended family relations have been maintained for a several generations because of the continuity of family businesses. An important goal for these firms is to prevail and continue with their common economic project as there is a familial motive for its members' economic and professional commitment to it.

A family's success in business creates strong bonds between partners and encourages them to maintain family relationships. In other words, working together towards the development of the family business – their source of wealth and social status – is what creates the conditions for the family to keep up relationships in a wide kinship universe made up of all the descendants of the firm's founder, and keeps them together as a large family. Kinship ties alone are not enough to create a family, but rather relatives must share a feeling of collective identity that unites them across generations. When the firm continues as a thriving concern with an excellent reputation and a large amount of profits, it contributes to keeping most of the founder's descendants together in a common familial and economic project. The firm is then a legacy they all hold dear – even those who receive no direct financial dividends but only benefit indirectly from its social status – and promotes a sense of family with a shared common substance, which guarantees their continuity in time. The symbolic and economic dividends of the family business are subsequently a vital contribution to familial continuity and unity.

The large family firm is both a family project as well as an economic one. The relationship between the two arenas of activity is central to the continuation of the majority shareholding by family members in future generations and that the family should endure as a social unit. With time, these familial economic groups become just one unit – uniting family and business. Thus family business brings together what the cultural concept separates: work and family.

Family is a particularly pertinent feature in the definition of the social identity of the members of these business families for whom *distinction* (in Bourdieu's sense) is measured by means of antiquity and prestige acquired after several generations: their members' social identity is anchored in the past – in contrast to the *nouveaux riches* who lack a family history to legitimate a highly prestigious social position. The idea of continuity conveyed by the antiquity of the 'old family' is associated with the idea of a family project that evolves through a number of generations, thus allowing it to escape the erosion of time.

Anchoring the identity of the family group in the past evokes a present-day dimension of social existence and legitimates its social position, because it relies on time and duration as criteria of social distinction. The 'ballast of the past' carries great weight in the families' development and subsequently members dedicate a lot of time to the reconstruction of familial memory, and to the preservation of the family's public symbols.

The historical accounts of these firms lay stress on the familial organization of these enduring economic groups, thus associating them with the idea of tradition. However, this ideal association is in conflict with hegemonic models in the present world market economy. Although these family and social values dominated Portuguese society until the 1970s, most Portuguese social groups abandoned them during the 1980s.

Nevertheless, Portuguese leading business families still maintain them as essential values as they need to reproduce their extended family relations and to continue their family common identity. In this way these values become central to the actual continuity of the family firm as elite business families find answers to their dynastic aspirations in aristocratic traditions. The social identity of these wealthy business families is constructed upon aristocratic values (such as, for instance, the male family line, patriarchal authority, antiquity, order of birth, gender and Catholicism) which are strong elements in revitalizing the family's 'corporateness' and lineage ideal.

In the last century, these families went through an historical moment in which they were attuned to the Portuguese hegemonic model for a situation based on values that are no longer the norm in Portuguese society and therefore are considered 'conservative' and traditional. By their present-day use of a set of values associated with a past social order, these families nowadays reflect an outdated image clearly in contrast with their position as leaders of important firms in the national and international economy where an image of modernization is so vital to success. How do they resolve this contradiction? I believe that we will find an explanation for the success of these family businesses in the answer to that question. At important moments in the development of these family firms, we can see the importance of aristocratic ideals in practical decisions, and above all in the use of two elements of social differentiation: the family surname and gender belonging**.** The family name is as valuable an asset to these firms as their shareholding, because they are mostly named after the founder. To illustrate the essential symbolic significance of corporate managers bearing the family name (in other words, the name of the firm itself), we will now look into the case of one of these firms I studied where members tried to introduce professional managers into the top executive positions.

> The firm was in a chaotic state within six months. Our clients disliked having to speak to someone they didn't know. And worst of all, employees in middle management positions would not take orders from people who didn't bear the family name. Employees refused to recognise their authority to give orders as these new executives also were unaware of the firm's in-company rules. In order to manage a family business properly, you have to have someone in there who belongs to the family. You know what it's like. The owner's foot is manure for the land. (Joaquim)

As family names in Portugal favour agnatic transmission, male descendants have a symbolic value of vital importance as they guarantee that the family name and noble titles are carried on to the next generations.

This cultural ideal is also very clear in the different forms in which men and women participate in the family firms both men and women own. In this social context, business is clearly a man's affair. Most of the women in these families evince no inclination to get a professional education or to work in the family business. In fact, it is only in today's younger generation that a few women work in the family business though in positions of little responsibility. Portuguese elite women are not supposed to work in the same manner as men. Their job is to take care of family and home, which is the public visible face of their collective status. Women in these families must collaborate with the family business at a different level from men.

The aristocratic ideal of a prestigious familial world of long standing is particularly evident in these two aristocratic codes of differentiating men and women. By using these aristocratic norms and precepts, a conservative and traditional image is constructed around their families, which runs counter to their high social position as top ranking professional businessmen. How do they get round this contradiction?

4. Aristocratic Ideals and Professional Competence: The Roots of Successful Succession

I have been arguing that maintaining shareholding and executive control of the family business is essential to their perpetuation aim. However to accomplish this ideal may cause a certain degree of tension inside the family. On the one hand, it is symbolically important that a member of the family succeeds to the leadership of the business, yet on the other hand, current economic hegemonic ideals on who should occupy these positions is based on the reasoning that professional competence is the only proper gauge. Although older generations in the family cling to the hope that their descendants will carry on the family project, members of the family are well aware of the consequences if, at this high level of national and international economic relations, wrong decisions are taken and destroy their economic and social future. Subsequently, in order that these business families maintain their credibility and the trust of public investors in their companies, they must make sure that they have the best managers in their leading executive positions.

However, it should be noticed that in most cases I worked on, these families' young men succeeded their fathers in their positions in the companies. How do these business families manage to secure their continuity in this new economic context? Nowadays the firm can only remain a family one – owned and run by them – if the younger generations are professionally good. However, in order to be competent managers, they have to invest in their professional education and training as only in this way will they be able to continue the project they inherited from their forebears.

Nowadays, the younger members of these families who want to join these trans-generational business projects cannot simply inherit jobs in the business but have to be ready to submit to public applications for staff recruitment. Only through their own personal investment and commitment can they become good professionals and then they can perhaps be selected for an important position in their firms – a position they have to achieve through their own merit and given proofs.

Therefore business succession among family members is not a simple process of transferring shares, position and fortune to a certain individual in the next generation. In order to guarantee that the family can keep up the business, family members must adjust their values to the new hegemonic rules reigning over modern society and the market economy, which demand excellent professional training along with meritocratic systems of staff recruitment. In short, nowadays the continuity of large family businesses is only possible by overcoming a contradiction: members of the family must balance family ideals of direct succession with the needs of modern economics. In doing so, these families manage to reconcile the demands of the two forms of succession they are involved in – an inherited collective identity and professional excellence – thereby easing the tension that exists between blood and merit which inevitably underpins family businesses in the global modern economy. The choice of a successor within the network of kinship is currently based on criteria of meritocracy so that it may both legitimise hegemonic economic rationality and the dynastic ideals of these families. The Portuguese family firms I examined have managed to set up processes to educate and groom competent professional managers among their family members, and have thus transformed the familial criterion guiding their future projects into forms of selection based on professional competence.

Great investment in professional education and training of younger generations starts at a very early age in the choice of schools. The best schools and universities in the country and the world (graduate and postgraduate degrees are frequently earned abroad; cf. Marceu 1987 and Lima 2003) guarantee excellent professional education which will later allow them to excel in the open selection for jobs in their companies. The fact that access to the top positions in these family firms is made through public competition creates the illusion that the system is rooted in a meritocracy process. However, it should be remembered that these young members of Lisbon's financial elite have access to knowledge that is not taught in schools: it is taught informally within the family, throughout close relationships maintained inside their social group.

Exclusive to this elite group is an entire capital made up of family relationships and the privileged social atmosphere they live in. This means that the early introduction of these young professionals into the business world – which occurs since childhood – is an important factor that distinguishes them from other professionals who are not brought up in a business family.

In this professional and social context, the merit of the new generation thus stems from the powerful combination of various elements (economic power, social relations, high social status) which, when brought together, allow the younger members of the business families to distinguish themselves from other good professionals. Again it is worth noting that this composite capital, which is a very powerful familial patrimony that encourages social distinction, can only be built up with time after several generations. The fact that they are *old families*, that is to say, families traditionally involved in business, is an essential factor when ensuring that the younger generations are capable of taking on leading professional roles and thus accomplishing the continuity of their social distinction, which reproduces the aristocratic values and principles they hold as it is anchored in the past.

The multiple interests drawing together partners and kin into these family businesses ensures that means are established to ensure business continuity which, in turn, allow those who share a common substance to succeed their forebears in the family project. To achieve their aim of continuity, the large business families managed to enmesh their family principles of lineal succession with the professional competence and entrepreneurial qualities of their heirs. This adjustment marks the most significant change in the succession process in these large family firms.

5. Blending the Traditional With the Modern: The Key Asset of Leading Family Firms

The success of this new process of succession which ensures the continuity of family firms is based on blending in a novel and efficient manner new hegemonic models of modern economy with traditional dynastic family concepts, and on adapting modern restrictions with their traditional family values and ideals. Large family firms have thereby managed to legitimate their ambitions for economic dominance at the same time as their dynastic aspirations. The efficiency with which younger generations constantly reconcile modern values with traditional ones in their business affairs is one of the chief advantages of managerial professionals who belong to these families. The business history of their families trains them to be businessmen from childhood, and educates them in a system of social relations embedded in business, which gives them an edge in their future professional lives while their financial position allows them to get the best possible academic education. Apart from having all they need to achieve a good grounding in business, they also have the important symbolic and ideological goal which is that their financial project continues a success. Relying on their family traditions allows them to surmount the challenges and demands of new market forces.

We should not think, however, that male succession lines in the administration of these firms – which demonstrates continuity of the family project – mean that there are no changes within these organizations. On the contrary, new members of each generation who take over the executive positions in their companies make sure that the necessary innovations are made to guarantee the firm's success in the future. This argument is particularly useful in the analysis of business relations seeing that criticism levelled by specialists on family firms is rooted precisely in efforts to demonstrate that the family imposes continuity in a market which is in constant change and innovation (Jones 1993; Gersick*et al* 1997 and Lima 2003). However, it should be taken into account that permanence in no way suggests that these family-run firms remain static. On the contrary, the successive generations of the family in the top executive positions reveal the changes they had to opt for when keeping different members of the family at the head of the firms. Continuity does not mean a simple reproduction of the past as the next generations do not merely reproduce the family firms in the manner dictated by their previous generations. The younger generations seek to construct their own future by combining the *composite* capital they have inherited with the new values and economic demands of their time and age and thereby create their own means to produce the future.

Although the family line of those who succeed to the firms seems to follow a 'natural' genealogical father-to-son sequence, members of the younger generations endeavour to present it as a demonstration of the firm's periodical modernization. Those who first enter the business world have to adopt their contemporary criteria of professionalism and business relations to guarantee the continuity of the firm's success. The relationship between change and permanence is subsequently crucial to the continuation of the founders' project which is only made possible because business qualities are handed down from generation to generation, each of these leaving its innovative mark on the firm's development.

Therefore this is not merely a simple process of transmission whereby continuity is a reproduction of the past. We can see that there are really two strands in this complex process: the declining generation which tries to provide successors for their project and the emerging generation which seeks to set up its own future by reproducing inherited capital on the basis of new values and contemporary economic demands. Instead of reproducing the family firm on terms dictated by the declining generation, the emerging generation creates its own means to construct the firms' future.

Large family firms are thus a particularly illuminating example on which to think about this blending of the modern with the traditional. These large family firms invite us to see in their tradition and long existence a guarantee of the quality of their professional competence. However, the continuity of their success is only possible if family members are permanently up to date with new management strategies and introduces elements of innovation in the firm's technology and organization. The efficiency with which the new generations deal simultaneously with modern demands and with traditional family values in their business performance is consequently one of the main feats achieved by these large firms. It ensures the continuity of these projects in a context that is defined by rational modern issues and tries to make a break from personal and family relations. Nowadays, family members who wish to take on the leadership of their family firms have to show they deserve to be in key executive positions and that they have not merely inherited them.

Only in this way can they bring together the two central strands in current processes of succession and surmount the tension between blood and merit which underpins the very notion of family firms in the context of the modern economy.

6. The Three-Generation Rule in Family Firms: The Portuguese Case

The leading family firms I studied have been operating for several generations. For instance, let us look at the extremely long history of the Pinto Basto family businesses (founded in 1774). The board of administration of their family firms is now in the hands of the seventh generation and there are already members of the eighth generation working with them. This is an excellent example to show family firms do not necessarily have a short lifespan nor that they are doomed to failure. Despite recent problems related to the succession in the firms – with the consequent sale of important shareholdings which remained in the family until the 1990s – the present descendants of José Ferreira Pinto Basto continue to demonstrate great vigour and family unity whenever their common inheritance needs it.

The family longevity in all the companies I analysed clearly goes against one of the most important theories in family firms studies – that of the 'three-generation rule' – which argues that these firms tend to disappear by the third generation (cf. McDonough 1989; Marcus 1992; Gersick*et al.* 1998). The Pinto Basto family with their eight generations, the Espírito Santo and Mendes Godinho families' five generations, the D'Orey family's four generations and the VazGuedes and Queirós Pereira families with their three generations are clear examples of how family firms do not necessarily have to be short-lived nor bound to fail.

Large Portuguese family firms are not constituted only by family members.They also employ professional managers in middle and top management, a trend that began before 1974, but became more significant after the mid-1970s. Since the late 1980s, the cadres of professional management had grown much bigger as a result of the new economic policies and the improvement in education and professional training that marked the country at that time and which produced a robust middle class. However, in these large family firms it is still rare to find these managerial professionals in key positions, such as chairmen of boards of directors. Family members still hold these positions and are at the helm of their companies' future though, of course, they surround themselves with skilled expertise in various areas. This situation is not very common among the economic elite where family owners of large enterprises tend to delegate management in professional executives (cf. McDonough 1989; Marcus 1992 and Gersick*et al* 1997).

As I have already demonstrated, this situation does not stem from simple nepotism or family privilege. It results from reconciling the desire to keep family members in positions of leadership in their family firms with that of setting up the conditions for this to happen. This is the result of a huge investment, both at the family and personal level, of grooming young successors. The reason why the owners of Portuguese family firms still run their firms is, in my opinion, rooted in our country's recent history.

I have shown that large Portuguese business families have managed to create a process in which they groom professional managers from among their own members, and thus transform family criteria that guide future projects into forms of selection based on professional competence. The wide range of interests uniting partners and kin within the family firms I examined bolsters ways to ensure the continuity of their businesses. And although mainly based on economic and professional models, it allows those who share the same family substance to succeed their forbears in their common familial project.

In conclusion, the particularity of the Portuguese case in the demystification of the three-generation rule in family businesses contradicts the notion that growth and efficiency in a family business can only be expected when its administration is in the hands of an expert rather than by a family member. As I have shown, the main family business groups in Portugal are currently at their fourth, fifth or eighth generation and show no signs of decline or that they are routinely employing professional administrators outside the family to take over the executive positions of their firms.

I will take the example of the Espírito Santo family to defend my argument. When members of this family left Portugal in 1975, they left behind them all their material property. They began again their economic activities abroad and soon rebuilt their financial empires. The democratic revolution of 1974 caused a violent shock to these firms' internal processes of development as well as their familial cycles. With the loss of control over their companies, they had to start their economic lives anew.

To this end, they had to depend on two basic factors: family connections and their excellent international social and financial connections. Members of this family lost most of their possessions. However, they did not lose what eventually proved the most valuable: their social status and their worldwide financial reputation. This brings us back to a question that has already been addressed. This social group's vast power derives from the fact that the capital which legitimates their status is not only economic. It is a composite capital which interconnects and mutually remakes a vast financial capital, great political capital and considerable capital in significant social contacts. The fact that members of these families managed to recover their outstanding position demonstrates that even when their financial empires and social position seemed to have collapsed, they kept what was needed to rebuild their situation. The 'credit' – not only in financial terms but also in their contacts and respect given them on a professional level – the six leaders of the Espírito Santo Group enjoyed in the international financial world became evident when they rapidly and efficiently began to operate again in the international business world.

In the opinion of a family member, the reconstruction of the Espírito Santo Group in the aftermath of 25 April is largely due to the high reputation the Espírito Santo name had internationally and also to the amount of support they immediately received as a result of the trust both Portuguese and foreign collaborators deposited in the family and was renewed because of the way the group's team set about reorganizing. After ten years abroad, the Espírito Santo family took the first step to begin again as a business group in Portugal and bought a small investment company – now BancoEssi. When Companhia de SegurosTranquilidade was privatized they bought it back, in association with the Agnelliet Frère Group. These two partners together with CréditAgricole – already associated with the Espírito Santo Group at the Banco Inter-Atlântico de Investimentos in Brazil – were the main partners in the purchase of BancoEspírito Santo e Comercial de Lisboa (BESCL). The group is nowadays established in Portugal, Brazil, Paraguay, USA, Switzerland, UK, France, Germany, Belgium, Spain, Angola, Mozambique and hopes to establish itself in China.

This example demonstrates that when the Espírito Santo family were recovering their former position in the international economic and financial world, members of the family could not rely merely on professional managers. They had to do the work themselves as only they had the composite familial capital to do so. With no liquid cash, the only capital they had to show and to persuade new partners to invest in them was the record of past successes, their reputation and competence. The family's professional skills and management experience, together with the reputation they had earned through successful entrepreneurial generations, were a powerful combination to help them succeed with their financial plans when they were going through extremely difficult times.

> We could well have not returned. We had a very good set-up abroad. But you know what it's like. Portugal is our country. Things of ours and some of the family were here. So, as soon as the moment seemed right, we began to invest in Portugal. First, we bought an investment society and then the BIC. At the time that BES was nationalised, BIC was primed for expansion. We had to come to a decision. Invest in a business that was demonstrably safe or then buy back from the state something that was ours, something that had our name. Naturally we fought for what was ours. It was unfair, of course, but that's no longer of any interest (João Paulo).

When they had achieved their aim of rebuilding a financial empire as powerful as the previous one, members of these families were so proud that they wanted to show they deserved their success, power and reputation. On the other hand, having managed to buy up their former companies from the State, the heads of these families would never agree to hand over control of their financial interests – which had cost them so much to recoup – to professionals outside the family. This could be just a symbolic and emotional attitude, but their capacity to bring it about is also a demonstration of their professional capacity and the success of family succession to the leadership positions of their companies. As a consequence, they manage to keep the top executive jobs and management for themselves, while at the same time, they show that continuity of their success depends on the family's good work and not on family privilege and nepotism.

In the case of the Espírito Santo family, the fifth generation is already working in the group and will soon be able to take over executive positions. Fourth generation members of the family now occupy these positions at various levels of the hierarchy. The companies that this group control, or have interests in, continue to be the collective project most family members – now in their corporate fifth generation – defend and act as effective bonds to unite the different branches of the family.

The break that came with the 1974 revolution played an extremely important role both in the development of these firms and in the lives of the individual family members.

> Suddenly, from one day to the next, I didn't have money to pay the grocer or feed my children. Nothing. They had frozen our accounts at the bank so we had no money at all (Clara).

> That whole time was very strange. Suddenly, there I was in prison with my brothers and my friends ... There didn't seem to be a way out of the situation, and I knew that my wife and children were very worried and wanted to leave the country but would not leave me there on my own (José Alberto).

However, the mark it left was not just in the unpleasant and dramatic consequences that emerge in their personal accounts of what happened. In addition to those kinds of stories, they also tell of the innumerable offers of help and support they were given:

> The support foreign banks showed our family was fantastic when they gave us loans at a special rate of interest so that we could start again our businesses and live decently (Mariana).

> In spite of everything, 25 April was a fantastic experience for us. We were given so much international support, like offers to help us leave the country by plane or ship. Even some of our former *frauleins* have volunteered to help. We have always had a very good relationship with our staff and they too showed us a great deal of respect during those difficult times (Sebastião).

At the same time, stories are also constantly told that reveal the astuteness, skill and know-how of family members who managed to surmount the situation thus producing narratives that seek to confirm their legitimacy and reputation.

> It was the huge skill and vision of this small group of executives, who – at a very difficult moment psychologically – were at the helm of the reconstruction of the economic group on several fronts that allowed us to get to where we are now (Paulo José).

> Before 1974 we had no investments outside the country. Only in the colonies, like Angola and Mozambique. We are now a truly international group. If, by any chance, something like 25 April happened again, things would be very different now (João Paulo).

These large Portuguese family firms' vigour and longevity stems, in my view, from the reversal of the social and economic order the democratic revolution brought with it. In fact, the new social and political order we have lived in since 1974 has created a very special environment in which the third, fourth and fifth generations now manage their firms. On the one hand, the situation has changed with regard to the scant internationalization of the Portuguese economy during the New State, which was effectively a mechanism that limited the growth of Portuguese economic groups. In this sense, the 1974 revolution ended up playing an important role in reactivating these groups' and families' business affairs, giving them new chances to expand.

On the other hand, the younger generation got to their leadership positions in their family firms during the mid-1980s with outstanding vigour and strength. Far from being able to rest on the laurels of their great achievements, they had to prove further their skills in order to keep control of the firms and return to Portugal, or, in other cases, rebuild their companies and recover their leading positions among the Portuguese financial elite. In order to maintain their position, they have to supply the next generations with a great capital in relationships and give them proper professional training. Supplying future generations with this composite inheritance and that training is subsequently the most efficient tool with which to legitimate the succession of the younger generations to the administrative positions of Portugal's family businesses.

The democratic revolution had a very widespread and significant effect on the life-paths taken by these large families. In fact, it was to become an important factor in their reactivating their businesses thus giving them the opportunity to expand. The weight of this historical event lies heavily on the lives of these people and is consequently much talked about. Due to prevailing workers' demands, the post-revolutionary period was difficult for most Portuguese firms, but very particularly for the continuity of these large family groups as they were closely connected with the former regime and the syndicates targeted them for a great deal of attention.

7. Concluding Remarks

The extreme political, economic and social changes in Portuguese society introduced great changes in these families' political, economic and social lives.

It urged them to hold on to firms with their family name as they are businesses set up by their forefathers, and gave them the vigour and missionto modernize and develop their corporate interests which might have proved difficult had there not been so great a break. These large entrepreneurial families felt the need to reorganize themselves with financial partners after the 1974 revolution so as to face and overcome a particularly adverse set of circumstances. This process gave them the opportunity to restructure and reassert themselves as modern business groups. To do so, they used their professional skills along with their most valuable capital: their long tradition in the corporate world, a tradition built up on their achievements and an accumulation of solid evidence. They established themselves as modern companies founded on their most basic values – tradition and antiquity – which, paradoxically, classify them as 'conservatives'.

In the end, it could be said that the revolution which brought down the political regime that had allowed these large family businesses to expand, also laid the foundations for them to renovate their business by providing the family members with the unexpected drive that produced the dynamics, unity and support that saved them from the 'three-generation' decline. Ironically, the break brought by the 1974 revolution was fundamental to creating the indispensable conditions for these families and their firms to reorganize, which then allowed them to continue as the major social and economic group they are in Portuguese society.

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