

A Indústria Portuguesa e os Seus Dirigentes [The Portuguese Manufacturing Industry and its Leaders]. By *Manuel Lisboa*. Lisbon: EDUCA, 2002. xix + 617 pp. Bibliography, notes, index, photographs, tables, figures, CD Rom. Cloth, €37.50. ISBN 9-728-03647-7.

Reviewed by Teresa da Silva Lopes

In this book, Manuel Lisboa examines the impact of firm leadership on the development of the Portuguese manufacturing industry during the second half of the twentieth century. In the first of two sections, he adopts a macroeconomic approach to explain why, despite the rapid development of the Portuguese economy from the 1960s, there remained a significant gap between its industrialization and that of most other European Union members. In tracking the growth of the Portuguese economy between 1945 and 1989, Lisboa describes the contributions of 192 sectors in the manufacturing industry, ranging from cork, to textiles, to electric equipment. Despite the economic and political turbulence of the period following the 1974 revolution, the progressive liberalization of the market encouraged entrepreneurial activity and transformed Portuguese manufacturing.

The second part adopts more of a microeconomic view, combining sociology, psychology, and history with economics. After distinguishing three functions of leadership—capitalist, entrepreneur, and manager—Lisboa shows how they can affect the way that firms are run and, ultimately, the way that industries evolve. Finally, Lisboa scrutinizes the impact of technological innovation and organizational change on the manufacturing industry since 1974.

This is a well-written, thoroughly researched book about a topic that, until recently, has received little attention but that is becoming more important as recently industrialized countries join the European Union. Originally a Ph.D. dissertation, it draws from both a wide range of national and international statistics covering the second half of the twentieth century and original research data obtained through questionnaires sent to firm leaders in Portugal between 1996 and 1997. Although each part presents its own argument and review of the literature and sources, the two halves of the book complement each other. The book's main merit, however, is found in the second section,

where Lisboa analyzes the characteristics of Portuguese leaders in manufacturing enterprises.

The detailed information contained in Part One on the development of all manufacturing sectors is useful. Lisboa's hypothesis is that the pattern of Portuguese manufacturing, characterized by small bursts of energy followed by periods of stagnation, was unable to sustain itself in the second half of the twentieth century. Thus, he differs with most economists and economic historians who have studied Portuguese industrialization. However, the arguments on which he bases his theory are not persuasive. His first two chapters, for example, make no mention of the fact that the manufacturing sector grew more rapidly in Portugal from 1950 to 2000 than in any other European country. And, during the last twenty years, data presented in *Historical Statistics, 1970–2000*, which is published by the Organisation for Economic Co-operation and Development (2001), shows that the share of manufacturing industries in total employment has also remained higher in Portugal than in other European countries, currently exceeding the average of the European Union. The share of value added in the same industries in total gross domestic product has also fallen less than the average for the European Union and, although by 2000 it was still lower than the average, the difference was comparatively small. Lisboa's claim that the number of manufacturing jobs dropped below the number of service jobs ignores the fact that such a phenomenon always occurs in the course of economic development. His lengthy descriptions of the manufacturing sectors contain useful information, but, in many cases, they are out of date, and he does not adequately differentiate the relative importance of each one.

In support of Lisboa's position, it must be recognized that the relative decline of Portuguese manufacturing in recent years started because the country's economy had not matured to the level of the more advanced European countries when it joined the European Union. Added to the difficulties that were caused by Portugal's membership in the Union was the necessity to compete with newly industrialized countries. However, these factors are not mentioned.

Lisboa is on surer ground when he examines the firms themselves to show why certain sectors, such as textiles, clothing, and footwear, grew more rapidly than areas of the economy that involved more sophisticated technologies, like machinery and

electronics. He does not, however, refer to the role of foreign-owned enterprises, which at present account for a large proportion of Portuguese manufacturing.

In the second part of the book, he has gathered information, not available elsewhere, on the owners, entrepreneurs, and managers of Portuguese manufacturing firms. Based on this compilation, Lisboa argues that the development of the manufacturing industry was strongly conditioned by how the firms were run. He highlights the entrepreneurial and managerial functions of leaders who emphasized innovation, in contrast to those who viewed their function as mainly entailing risk management. Lacking are case studies exemplifying these leadership styles.

Notwithstanding these critical remarks, Lisboa deserves praise for his book. He has compiled a large amount of information about the performance of Portuguese manufacturing during the second half of the twentieth century. And he has written an important reference for business historians interested in studying how industry leaders in Portugal approached the challenges of entrepreneurship, management, and innovation.

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