

A survey of senior expatriate managers in Portugal

Can Portuguese management compete?

A study by Ad Capita Executive Search, Portugal
and Cranfield School of Management, UK

Ad Capita Executive Search

www.adcapita.com

Ad Capita Executive Search is one of Portugal's leading executive search firms specialised in global assignments and supporting international companies and their managements operating in Portugal. Ad Capita is a member of the INAC world-wide network of executive search consultants. Clive Viegas Bennett, the lead author of this study, is a Partner in the firm. He has an MA from the University of Oxford and an MBA from Cranfield School of Management.

Cranfield School of Management

www.som.cranfield.ac.uk

Cranfield School of Management in the UK is one of Europe's leading business schools. Apart from its renowned MBA courses, Cranfield is also a world leader in executive development and short management courses, as well as providing advanced consulting services to top businesses throughout the world. Professor Chris Brewster was Professor of International Human Resource Management at Cranfield at the time of this survey. He now holds the same chair at Henley Business School, University of Reading and remains a Visiting Professor at Cranfield. He also gives occasional lectures at the Universidade Nova in Lisbon and at Coimbra University. Chris Brewster is a leading authority on international human resource management, in particular expatriation, and is the author of numerous academic articles and a number of books in the field of human resource management

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Executive summary

Portugal is much too bureaucratic and its managers, though hard-working, are not strategic or customer-focussed in their thinking and work poorly in teams, concludes this survey of the opinions of top foreign managers working in Portugal. What is more, Portuguese managers also surveyed generally agree with these conclusions.

Senior European managers in Portugal were questioned in an extensive survey carried out by headhunters Ad Capita International Search in Lisbon, together with one of Europe's top business schools, Cranfield School of Management. Foreign managers agree that key problems lie with top management, many of whom:

- Are autocratic and do not like working in teams
- Do not focus on customer or shareholder needs
- Do not have a clear strategy

General management performance is also criticised. The majority of Portuguese managers:

- Are individualistic rather than co-operative
- Are not dedicated to excellent customer service
- Prefer not to plan their work
- Are too formal in their relationships and are obsessed with academic titles

Managers in Portugal work at least as hard as their European counterparts but are not concentrated in their work or efficient with their time. 82% of foreign managers believe that business is generally disorganised and inefficient.

The report concludes that the problem is urgent. The underlying cultural barriers to change are individualism and avoidance of responsibility, preventing team-working and common strategic goals. Management education is also poor. The key findings of the report are:

- A profound reform of management education and training is essential
- Business schools must compete seriously with the rest of Europe
- Younger managers and more advanced companies must help to force the extension of the best practice that does exist here in some sectors
- Business and industrial associations must end their indefensible regional divisions and lead a new spirit of associativity and team spirit in management.

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“This country has an enormous potential for development. There are a lot of things to do. The future will be brilliant!” [*A Spanish manager*]

Introduction

Portugal has undergone an extraordinary transformation in the last quarter of a century. In 1974, at the time of the 25 April revolution which ended nearly 50 years of dictatorship, the economy was largely agrarian, heavily supplemented by income from the then colonies and what industry existed was in the hands of a few privileged families. Portugal itself was in many ways a third world economy with deep and widespread rural poverty and illiteracy of some 60%.

Now Portugal is a modern member of the European Union, with only 12% of its labour force in agriculture and fisheries and 53% in service industries and with sustained GDP growth since joining Europe in 1986. Trading patterns have changed dramatically with, for example, Spain moving up some twenty places to being Portugal's number one trading partner. Portugal's main industries are dependent on its external relationships – tourism and export products such as textiles, wood pulp, paper, cork and automotive parts. Foreign direct investment is warmly welcomed in Portugal and continues to be an important mechanism for change and growth.

The weight of a vast and inefficient public sector is not only a severe Budget problem with public spending at 52% of GDP but it is also crushing what vitality there is out of the private sector.

The cultural changes – social, economic and political – have been monumental and business and management have followed but the old autocratic, family management style is only slowly being replaced by meritocratic, team-based management, driven by customer and shareholder needs.

As Portugal now struggles to maintain sustained growth and to narrow the gap with its trading partners, productivity and management effectiveness are key issues. How

Portuguese management culture compares with competitors in other developed countries is an important economic issue if the improvement in productivity needed to improve the structure of the economy is to be achieved.

The idea for this study was initially discussed in 2000 between Clive Viegas Bennett, Managing Partner of Ad Capita International Search in Lisbon and Professor Chris Brewster of Cranfield University School of Management in the UK. The project and its international successor (see below), continue to be supported academically by him and by the School of Management. Cranfield's Professor of Human Resource Management, Andrew Kakabadse, has also warmly endorsed these studies.

The questionnaire is reprinted in [Appendix 1](#) and a description of the methodology used appears in [Appendix 2](#).

International study

The success of this survey led us to design a second, more extensive, study in other countries. Co-ordinated through the INAC world-wide network of executive search consultants, a similar survey to this one is being carried out in Argentina, Belgium, Chile, France, Germany, India, the Netherlands, South Africa, Spain and the UK. Other countries within the network may be added at a later date. These international studies will allow us not only to compare different management cultures but also examine how they interact with each other.

Results: What do foreigners think of Portuguese management ?

“As a high-tech company we now find that employing staff is a ‘nightmare’ and have had to turn to the UK and the rest of Europe for staff to meet our standards. I look forward to the results of this survey and hope that it will bring about change...I live in hope but work with none!”

[A British manager]

Survey response data appears in [Appendix 3](#). We also list comments added by respondents in [Appendix 4](#). Note that in the text of this report and in the accompanying graphs we have occasionally turned a positive statement in the questionnaire into a negative or vice versa – and reversed the order of response statistics accordingly – in order to be able to compare trends more easily. We indicate where we have done this. The original phrasing and results as collected can be seen in the Appendices.

General social and business environment

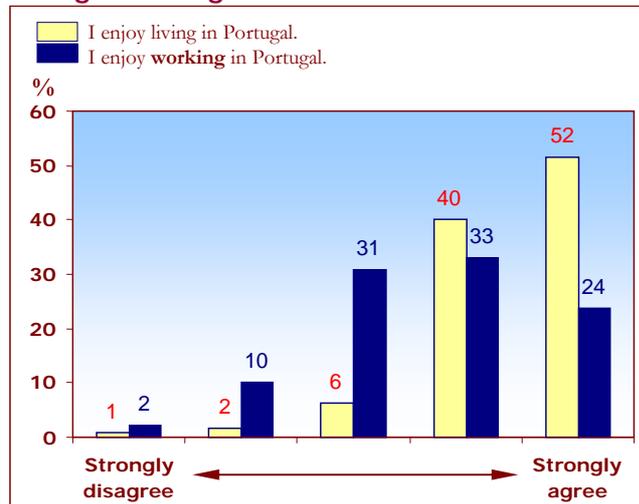
Whatever they think about Portuguese management, foreigners greatly enjoy living here. The question ‘I enjoy living in Portugal’ received the strongest positive reaction of the survey.

92% of foreigners enjoy living in Portugal, with 52% strongly agreeing with the proposition. Only 3% don’t enjoy living here and a further 6% are uncommitted.

Respondents are less sure about whether they enjoy working here, however much

they like the lifestyle. 57% enjoy working in Portugal and 24% strongly so. This means that nearly half of those who enjoy living here are not so happy about the working environment.

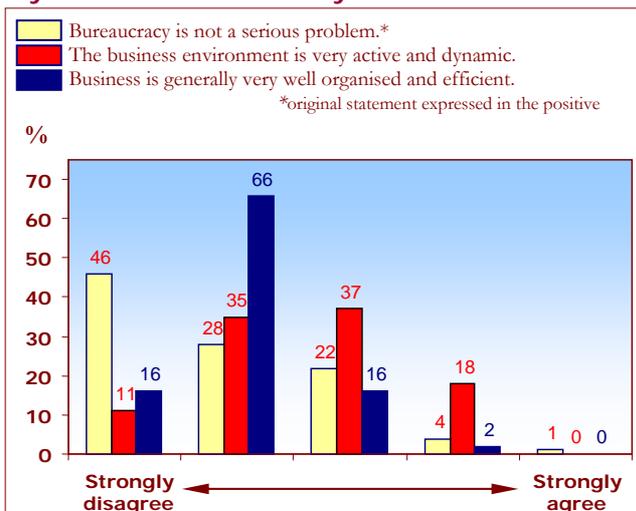
Living in Portugal



The general business environment is not as attractive as it might be. **Bureaucracy is widely believed to be a serious problem in Portugal,** with three-quarters (74%) of

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Dynamism and efficiency of business



Availability of good managers



cut, as a third (32%) express a neutral view.

Management style

“I previously worked for a multinational and now for a Portuguese company and I feel the difference: I miss organisation, priorities, initiative...you have to be patient!” *[A French manager]*

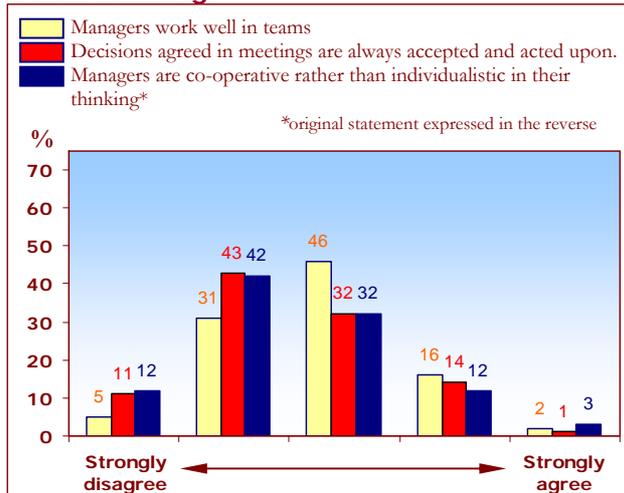
Only 18% of foreign respondents agree that managers work well in teams, although nearly half (46%) are uncommitted. This luke-warm team spirit is also reflected in the attitude to meetings – over half (54%) feel that **decisions agreed in meetings tend not**

foreign respondents agreeing with a statement to that effect and only 5% disagreeing. In proportional terms, this was the most emphatic response we got in the whole questionnaire, with 46% of the sample – 62% of those in agreement – agreeing very strongly. **Only 18% agree that the business environment is very active and dynamic**, although 37% are undecided or feel that Portugal’s business environment is no more or less dynamic than elsewhere. 82% feel that **business is not generally very well organised and efficient.**

There is a shortage of well-trained managers – only 3% of foreign managers think otherwise and **only 25% believe that they could recruit better managers if they could pay them more.** However, this opinion on the need for higher pay is less clear

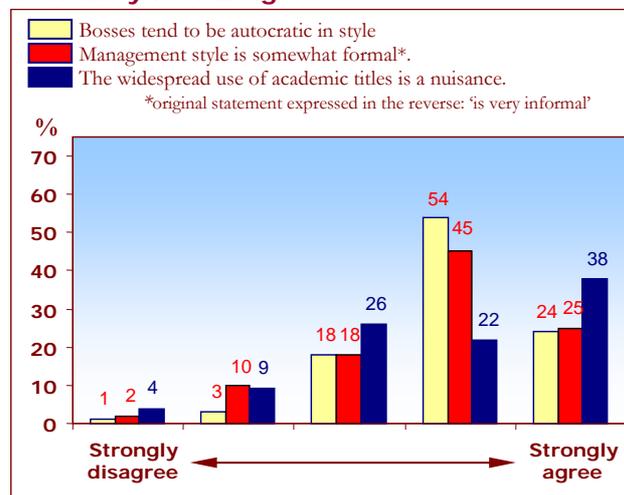
to be accepted and acted upon. It is unlikely that these attitudes derive from any kind of anarchic streak, since the response to managers preference to working according to agreed rules and procedures is mostly positive (40%) or neutral (34%). Rather, it appears that **Portuguese managers are individualistic rather than co-operative in their thinking**, according to 54% of the target group, with an 'abstention' of 32% and only 15% disagreeing and this finding is a key to understanding Portuguese management culture.

Team-working



The individualism and lack of team sentiment characterised in these results is also reflected in top management style and the general formality of relationships within organisations. Thus, there is a very clear belief that **Portuguese bosses tend to be autocratic in style**, with 78% of foreign managers agreeing with this statement and only 4% disagreeing. In general, **management style is somewhat formal**, say 70% of replies and, furthermore, there is clear agreement that **the widespread use of academic titles is a nuisance** with only 13% disagreeing with the statement.

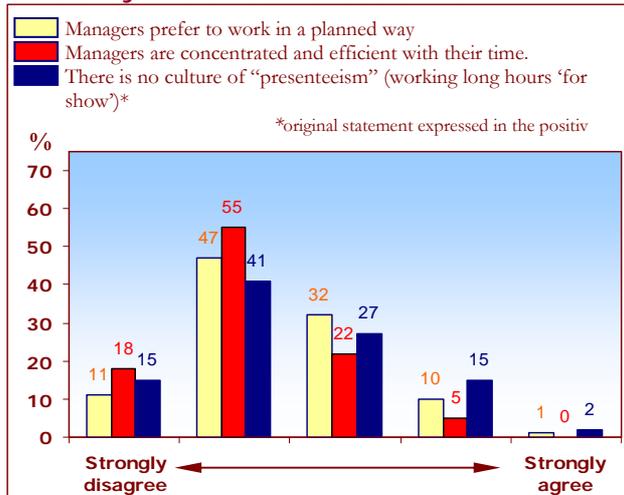
Formality in management



There is no consensus as to whether Portuguese managers work very hard – with an almost even split on both sides of the argument – 26% against, 32% for and 42% neutral. Given that respondents were asked to compare against colleagues in other developed countries, it is fair to deduce that **Portuguese managers work at least as hard as other nationalities**. However, how effective they are with their time is another matter.

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Efficiency and effectiveness of work

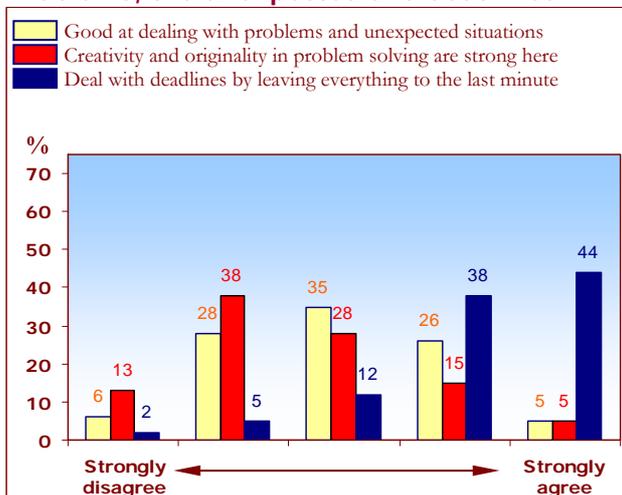


Managers prefer not to work in a planned manner, say 58% of the sample (only 11% disagreeing). Foreign managers believed even more strongly – 73% – that **Portuguese managers are not concentrated or efficient with their time**. Additionally, 56% (17% against) believe that **there is a culture of “presenteeism” (working long hours for show)**.

“Portuguese managers are very good in solving problems created by themselves (often unnecessarily)” *[A Dutch manager]*

There is a widespread belief in Portugal that, although admittedly disorganised, managers are creative and have a special skill at dealing with the unexpected (there is even a word for this ability – *desenrascar*). As we will see later, Portuguese managers’ responses

Problems, the unexpected and deadlines



support the belief. However, this quality is not so obvious to foreign managers and none of the segmentations we examine (e.g. length of time in Portugal, Latin/Northern countries), differ from the position of almost exact balance between those who agree, disagree and are neutral. To add insult to injury, they clearly disagree with the idea that the Portuguese are

creative: **52% believe that creativity and originality are not strong characteristics here** – only 20% feel that they are. Foreign respondents also agree unambiguously on the downside and give one of their strongest positive replies (82%, with 44% strongly agreeing) to the statement that **the Portuguese way of dealing with deadlines is to leave everything to the last minute**.

Finally in the area of management style, it is no surprise either to foreign managers or to the Portuguese that **managers in Portugal are not punctual** (80% felt this way, 41% strongly so and a mere 5% disagreed).

Managers and the market

“Portuguese companies have strengths – *savoir faire*, strength in exporting, sale price, reactivity and versatility. On the other hand, they do not in practice put the customer at the heart of their strategies and as a result do not offer good service.” [A French manager]

Managers’ relationships with their customers should lie at the heart of business. Foreign managers are not impressed by this aspect of Portuguese business culture. **Portuguese business and commerce is not highly customer service oriented**, according to 75% and 72% believe that **management is not dedicated to excellent customer service**.

As a result, **managers do not carefully analyse their customers’ needs** (50% opinion, with only 8% against) and they **probably do not understand their competitive markets well** (41%, with 16% against but 43% neutral.) As might be expected, **good personal relationships with customers are essential to business culture here** and this is confirmed by 74% of the target group.

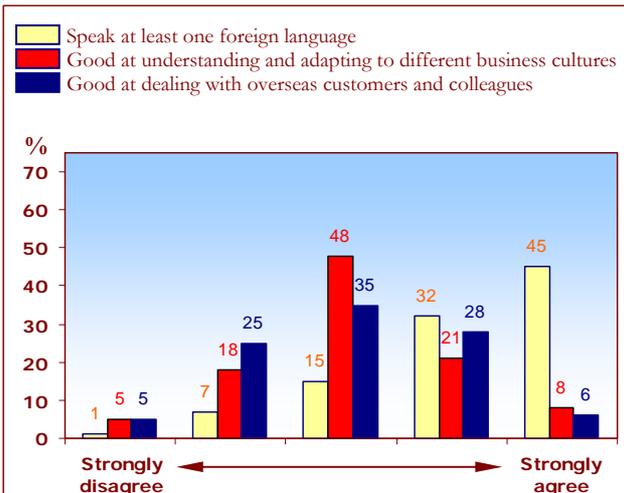
Managers and their customers



Foreign managers do not have a clear view about Portuguese managers’ entrepreneurial spirit, with responses balanced fairly evenly between for and against and the same is true for the statement about their excellence in selling. As far as different business cultures are concerned, while **Portuguese managers speak at least one foreign language**, as

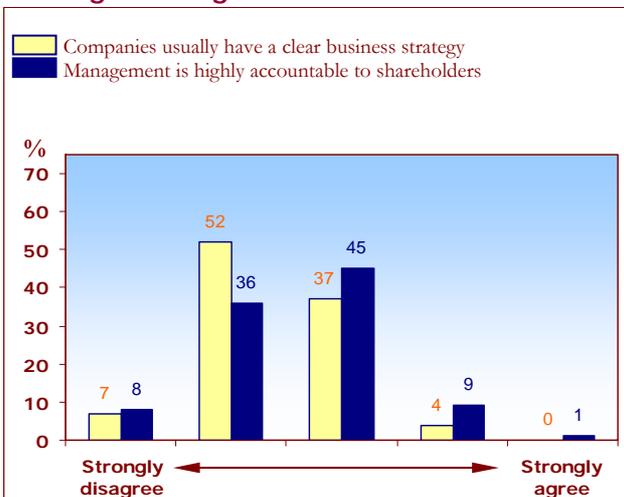
Can Portuguese management compete ?

Cross-cultural abilities



affirmed by 78% of respondents, there is no strong feeling about their understanding and adaptability to different business cultures, nor about how good they are at dealing with overseas customers and colleagues.

Strategic management



At a strategic level, top management apparently does not fare too well, either in its relationship with shareholders or in its strategic vision: **only 15% of foreign managers agreed that top managers are highly focused on shareholder needs; and, equally, only 10% believe that company management is highly accountable to shareholders.** Finally, 59% think that companies do not usually have a

clear business strategy (4% disagree).

The Portuguese control group

The Portuguese control group has a slightly different view about management culture in Portugal from their foreign colleagues. Out of 36 questions, there was a statistically significant difference found in 19 questions between the replies of foreign managers and those of the Portuguese control group. In general, Portuguese data tended to be more bunched towards the centre, with a higher number of neutral responses. Part of the reason for this effect was suggested by anecdotal evidence from respondents that it was difficult for them to take a non-Portuguese or objective point of view. They also seem to be less negative about their defects than foreigners are and indeed also view these faults as less important to business performance.

Nevertheless, in almost half of the significantly different replies, the conclusions – including the strongest criticisms – were similar to those reached by foreign managers but less pronounced. For example: to the statement that bosses tend to be autocratic in style, 59% of Portuguese managers agreed, compared with 78% of foreigners; the Portuguese agreed that they are not punctual but only 12% agreed strongly and 62% agreed moderately, compared with figures of 41% and 39% for foreign respondents.

However, there were a number of questions on which the conclusions were significantly different between the two groups. Foreign managers clearly believe (75%) that business here is not highly customer service oriented, while 65% of Portuguese managers took a neutral position on the question and only 29% followed the foreigners' line. Portuguese managers do not express feelings for or against the proposition that it is easy to find well-trained managers in Portugal, while their counterparts expressed themselves emphatically against (72%).

The most important systematic difference between the two groups is that the Portuguese clearly believe that their admitted weaknesses in organisation, market strategy and efficiency are made up for in particular strengths, namely: hard work (65% in favour *vs.* 32% in a balanced response from foreigners); dealing with problems and unexpected situations (85% *vs.* a similarly balanced 32%); creativity and originality (76% in favour *vs.* only 20%, not to mention 52% against); dealing well with overseas customers and colleagues (68% *vs.* 34% balanced); and being good at understanding and adapting to different business cultures (82% in favour *vs.* 29% in another uncommitted response).

Other segments

The various segment analyses of the target foreign managers produced surprisingly little in the way of differences deriving from demographic divisions. The few statistically significant differences appearing from factors such as age, time in Portugal, company nationality and so on, are mainly marginal differences of degree and do not throw up any real differences of opinion.

The only split of notable interest was in our attempted separation of Northern (British, German and Dutch) and Latin (Spanish and French) opinion. There are some revealing differences.

The pleasures of living in Portugal are more obvious to those from colder climates and cultures than to the French and Spaniards and so, while overall agreement to enjoyment of the country are similar (87% of 'Latins' and 93% of 'Northerners'), only 29% of Latins felt this strongly, compared with 61% of Northerners.

Business perspective was also different. Latin managers were not so concerned about shareholder accountability – 26% disagreed and 24% agreed with the proposition that senior managers are highly focused on satisfying shareholder needs in an overall uncommitted response compared with 49% against vs. 10% in favour from Northerners. This difference is probably explained by the particularly strong shareholder power culture of the UK, which would thus place emphasis on an aspect which was viewed as less relevant by other nationalities. Such a reading is confirmed by a strong split on the question in the British *vs.* the rest segmentation, with 64% against from the British and only 28% against and a very high 53% neutral vote from other foreign managers.

Latin managers appear to have slightly more sympathy with what the Portuguese view as their strengths. Thus, 45% agree that the Portuguese are good at dealing with problems and unexpected situations, with 21% disagreeing, while 26% of Northerners agreed and 39% disagreed. Similarly, Latin managers were statistically significantly more supportive of Portuguese skills at dealing with different cultures and overseas customers and colleagues and of their ability to speak foreign languages.

Conclusions

Expectations and outcomes

No researcher goes into an investigation without expectations as to the outcome. We had foreseen criticisms of Portuguese management, typical of many newly industrialised economies and, indeed, Portuguese managers' own agreement with most of those criticisms shows that such expectations were not based on mere prejudice.

However, our expectations also included a number of areas where we believed, again in line with Portuguese managers' beliefs, that the specific culture of the country bred certain behavioural strengths compared with other more managerially advanced economies. We expected the survey to show that defects in organisation and strategy were partially offset by a greater creativity and dynamism.

In fact, senior foreign managers in Portugal are critical of virtually **all** aspects of management here and their responses do not support the sympathetic, mitigating view we originally had. So, based on the opinions of senior managers from Portugal's most important trading nationalities, we can characterise Portuguese management culture as follows.

Strategic leadership

The key problem facing Portuguese management is a lack of clear strategic leadership from the top, which results in confusion, short-termism and a lack of planning throughout the business organisation. Shareholders are not given their due importance in management decision-making and, most importantly, customers – and the competitive market as a whole – are not placed at the heart of management strategy and activity. Indeed, there is no real culture of customer service among managers or in business and commerce in general. The Managing Director in Portugal of the Spanish department store chain *El Corte Ingles* recently told a group of business people “The profession of store salesperson is a new one in Portugal and has had to be taught by us.”

Stifling bureaucracy outside the organisation – for example, it takes up to 6 months to complete the formalities for setting up a simple limited company – is viewed as a serious problem by all managers and clearly makes the management job more difficult. However, it should be pointed out that despite the enormous size of the public service in Portugal, managers in the public sector are affected by the same cultural background as those in business, so that change in management culture in the private sector will eventually filter through to the public sector.

Management style

Internally, management style is individualistic rather than co-operative and so team working is not very successful. Again, the problem comes partly from the top, with a strong tendency to autocratic bosses, who inevitably do not seek to delegate either decision-making power or responsibilities and who are not comfortable working in teams with those who report to them. Another result is that meetings take longer than necessary and agreements made in them are neither accepted nor acted upon afterwards. The resistance to co-operative working is exacerbated by, or possibly helps to perpetuate, an excessive formality of relationships in the workplace and a Byzantine clinging onto hierarchical prestige through the widespread use of academic titles in everyday life.

Organisationally, things are not much better. Portuguese managers do not like to work in a planned way and do not use time efficiently. They do not concentrate, are chronically unpunctual and their way of dealing with deadlines is to leave everything to the last minute. While managers may not arrive on time in the mornings there is a tendency to ‘presenteeism’ – that is, working long hours for show.

Looking outside Portugal, managers are good at speaking foreign languages. However, despite a very welcoming general culture to foreigners, managers are not especially good at understanding or adapting to different business cultures or unusually able at dealing with overseas customers and colleagues.

We looked carefully at different groupings within foreign managers to see if we could find any important demographic effects such as age, education, company size and so on. The only significant effect was nationality. We found that there was a difference of emphasis between North European and Latin managers. They were agreed about all the

key criticisms but Latin managers were less concerned about shareholder satisfaction and were less dismissive of Portuguese abilities at dealing with problems and crises.

The Portuguese view

The Portuguese view – and our own initial belief – is that despite all these admitted faults, managers here have some special qualities which at least partly make up for them. So, it is thought, Portuguese managers are unusually good at dealing with problems and unexpected situations. They are creative in problem solving and will always find a solution in the end. Unfortunately, our survey shows that the outside world does not agree and that foreign managers find no such special gifts here in Portugal.

Underlying cultural issues

We believe that there are two underlying cultural issues. The first, as is apparent from our survey, is a marked lack of co-operative behaviour. This is exemplified by the astonishing fact that Europe's most ethnically homogeneous country has three 'national' industrial associations, divided on regional and political grounds. The second came up in a number of individual comments and in our conversations with managers: an unwillingness to take responsibility. One comment quotes the Brazilian writer Paulo Coelho "If you want to avoid trouble, always share the responsibility". In ongoing research, the German academic Wolfgang Lind of Lisbon University Department of Psychology, has found that, compared with Northern European managers, Portuguese managers tend to attribute events and causes to external forces outside their control – the Board, the competition, the economic situation and so on, rather than believing that outcomes depend on their own actions.

The two apparently contradictory characteristics – individualism and avoidance of responsibility are commonly explained as deriving from half a century of dictatorship, where, on the one hand, it was dangerous to take responsibility and, on the other, one could not trust one's colleagues and so had to defend one's own interests first. Clearly the origins are speculative but these characteristics *are* defining in management culture in Portugal and work against the adoption of modern management attitudes such as team-work, empowerment and openness. Unless managers realise that only team working,

with each member accepting his or her own tasks and responsibilities, will support common goals and strategic advantage then they will never be competitive.

Where to go from here?

It goes without saying that not all Portuguese managers fit the foreign managers' stereotype and that not all Portuguese companies are managed badly. One only has to look at some of the most successful – Sonae and BCP are obvious but not the only examples – to know that some companies have world-beating management. The survey shows, however, that these are, sadly, significant exceptions and the general message is unambiguous: Portuguese management is lagging far behind its competitors. The effect on the economy as a whole cannot be ignored: IMD's annual competitiveness index for 2001 placed Portugal in 34th place out of 49 countries, below all other EU members and behind most of the Eastern European candidate countries. What is more, the ranking has dropped for the last three years.

What practical conclusions can we draw from our rather critical analysis? First, change is urgently needed. Portugal's economy has undergone a dramatic transformation in the last 25 years but is now facing a structural crisis. The supply-side revolution that has happened elsewhere in developed economies has not yet reached Portugal. The public sector is still far too large. The economy is growing only marginally above the European average but productivity – the key driver to convergence – remains stubbornly one of the lowest in the EU.

Second, improving productivity is not about making workers, or even managers, work harder. Portuguese management cannot simply pass the buck to a supposedly inefficient workforce. This survey shows, in the clearest possible way, that **management** productivity is poor in terms of strategic focus, organisational efficiency, co-ordination of effort and market performance.

There is a telling and commonly used expression in Portuguese '*para Inglês ver*' (literally, 'for the English to see'), which means doing something superficially impressive just for show to fool the visitor, while behind the scenes everything remains as before. This culture of paying lip-service to modern management methods must change.

The responsibility for making the economy more productive and hence more competitive in a global market and within a single European currency, lies clearly with

Portuguese managers and, in particular, with top management. The problem is not remuneration – respondents were clear that they did not need to pay more to get better managers. Various remuneration surveys – and Ad Capita’s experience as a headhunter in the market – show that senior management salaries in Portugal are not only good, they are significantly higher than the European average, while workers’ and junior staff hourly rates are around 60% below the European average. To be brutal, top managers in Portugal are paying themselves very handsomely and not giving nearly enough in return. Managers can no longer fall back on their old habit of passing on responsibility to the state, the system, the economy or the competition. They must accept the challenge and act themselves. They must change the cultures of their organisation, take and delegate responsibilities for performance, drop antiquated titles and create management teams working together on agreed strategies.

Third, mediocre management education is also to blame. Spain has a similar economic and social history to Portugal. The Financial Times MBA rankings contains two Spanish business schools in Europe’s top six and a further one in the top 20. Portugal has none in the top 100. In Portugal, the MBA is still a misunderstood novelty and as a result many institutions now offer sham MBAs delivered in 30 weeks of night school. More generally, fussily academic school curricula and long-winded degree courses working as diploma mills, are all long overdue for reform. There needs to be radical change not only from Government but also by the institutions, teachers and students themselves.

There is hope from changed attitudes among younger managers. For example, one senior Portuguese manager said :

“There is a big divide in management style between managers above and below about 45 years of age. Younger managers, less influenced by the pre-revolution and immediate post revolution periods, are more dynamic, professional and objective about business”.

A British Managing Director of a large professional practice went further and criticised the survey itself on the same grounds:

“Many of the questions in this survey seem to have been based on older working methods. The approach to business generally has changed and is still changing rapidly”.

The Managing Director of a Danish company thought that younger managers contact with international management environments was having a beneficial effect:

“Some of the traditional or stereotypical characteristics of Portuguese management culture are being changed by younger 'up and coming' managers who are benefiting from having higher levels of international exposure than their predecessors. The younger crop of managers are facing an environment where very, very basic management requirements such as hitting deadlines, punctuality and structured action plans simply have to be in place.”

Let us hope that they are right. However, the generality of responses suggest that even if this optimism is well founded it will still take a long time for newer attitudes to filter throughout the culture and that for now, best practice is limited to only a few enlightened companies and particular sectors.

It will be a temptation for Portuguese managers to dismiss the negative opinions of foreign managers as arrogant or ungrateful but they should remember that the Portuguese managers we surveyed – all at a senior level – themselves agreed with most of the criticism. Second-rate customer service and disorganisation are no longer an acceptable price to pay for a charming and easy-going social culture. As the EU enlarges and the structural and convergence funds dry up so the Portuguese economy will have to compete on equal terms with its trading partners. There are only two routes – either modernise their management culture or allow foreigners to manage the business and economy for them. The latter would be a very sad waste of potentially talented and, all are agreed, hardworking people. Having said that, foreign managers love the country and love living here, so they will not so easily go away.

“Despite all the negative aspects – who cares – one lives in a country that offers a good climate, friendly people and, most importantly, quality of life!”
[A British manager]

APPENDIX 1: The questionnaire

Instructions	Strongly DISAGREE				Strongly AGREE
Read each statement and circle ONE number corresponding to how far you agree or disagree (1= STRONGLY DISAGREE...5=STRONGLY AGREE).					
Answer by comparison with your experience of managers in other developed economies and based on your personal idea of a "typical" Portuguese manager.					
General social and business environment					
I enjoy living in Portugal	1	2	3	4	5
I enjoy working in Portugal	1	2	3	4	5
Bureaucracy is a serious problem here	1	2	3	4	5
Portuguese companies usually have a clear business strategy	1	2	3	4	5
Company management in Portugal is highly accountable to shareholders	1	2	3	4	5
The business environment here is very active and dynamic	1	2	3	4	5
Portuguese business and commerce is highly customer service oriented	1	2	3	4	5
Business is generally very well organised and efficient	1	2	3	4	5
Deadlines and timetables are taken seriously in business in Portugal	1	2	3	4	5
It is easy to find well-trained managers in Portugal	1	2	3	4	5
We could recruit better managers if we could pay them more	1	2	3	4	5
Management style					
Portuguese managers work well in teams	1	2	3	4	5
Portuguese bosses tend to be autocratic in style	1	2	3	4	5
Portuguese management style is very informal	1	2	3	4	5
The widespread use of academic titles (Dr., Eng., etc) is a nuisance	1	2	3	4	5
Portuguese managers work very hard	1	2	3	4	5
Managers here prefer to work in a planned way	1	2	3	4	5
Managers are good at dealing with problems and unexpected situations	1	2	3	4	5
The Portuguese way of dealing with deadlines is to leave everything to the last minute	1	2	3	4	5
Managers here prefer to work according to agreed rules and procedures	1	2	3	4	5
Creativity and originality in problem solving are strong characteristics here	1	2	3	4	5
Decisions agreed in meetings are always accepted and acted upon	1	2	3	4	5
Managers are individualistic, rather than co-operative, in their thinking	1	2	3	4	5
Managers in Portugal are punctual	1	2	3	4	5
Portuguese managers are concentrated and efficient with their time	1	2	3	4	5
There is a culture of "presenteeism" (working long hours 'for show')	1	2	3	4	5
Managers and the market					
Portuguese managers carefully analyse their customers' needs	1	2	3	4	5
Managers in Portugal understand their competitive markets very well	1	2	3	4	5
Portuguese management is dedicated to excellent customer service	1	2	3	4	5
Good personal relationships with customers are essential to business culture here	1	2	3	4	5
Managers in Portugal tend to be excellent at selling	1	2	3	4	5
Portuguese managers are good at dealing with overseas customers and colleagues	1	2	3	4	5
Most managers here speak at least one language well other than Portuguese	1	2	3	4	5
Managers are good at understanding and adapting to different business cultures	1	2	3	4	5
There is a strong entrepreneurial spirit among Portuguese managers	1	2	3	4	5
Senior managers are highly focussed on satisfying shareholder needs	1	2	3	4	5

Information about you and your organisation

Your organisation is:

- Majority Portuguese owned/controlled
- Majority overseas owned/controlled

Your organisation employs, in Portugal:

- Fewer than 10 people (or you are a single independent)
- 10 to 99 people
- 100-1000 people
- More than 1000 people

Your nationality is: _____(specify)

You are:

- Indefinitely resident in Portugal
- Only resident for the duration of your post here
- Not resident in Portugal

You have been working in Portugal for:

- Less than 1 year
- 1 to 5 years
- More than 5 years

You have lived outside Portugal for (in total):

- Less than 1 year
- 1 to 5 years
- More than 5 years

You speak fluently (mark all those appropriate):

- Portuguese
- English
- Spanish
- French
- German
- Other

Your job title is: _____

Your age is:

- Less than 30
- 30-40
- 40-50
- Over 50

Your highest level of formal educational qualification is:

- High school
- Degree
- Masters
- Doctorate

Further comments [on separate page]

Please insert below any further comments - whether about Portuguese management culture or about this survey.

APPENDIX 2: Methodology

Questionnaire design

The survey questions fall into two parts – 36 questions soliciting respondents’ opinions about Portuguese management culture and ten demographic questions such as age, nationality and company size.

The number of questions and layout were carefully chosen to enable the questionnaire to be answered quickly. The opinion questions were posed as positively expressed statements to which respondents could choose one of five tick box answers graded from ‘Disagree strongly’ to ‘Agree strongly’ The questions were framed in such a way as to avoid bias in tone. The questions were grouped in three areas:

- General social and business environment
- Management style
- Managers and the market

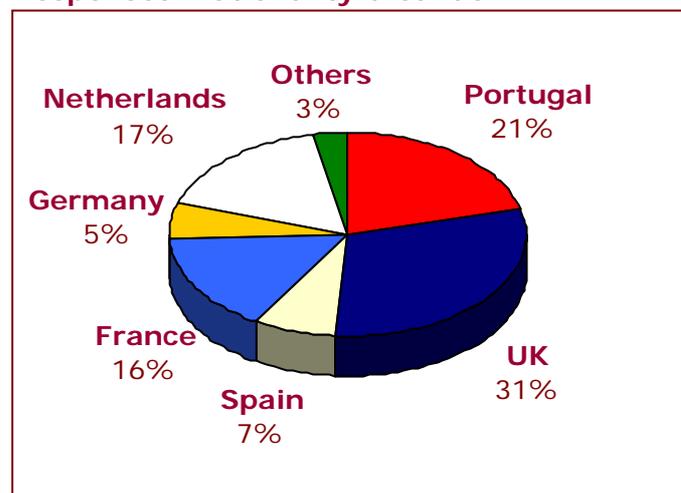
Some particularly important questions were asked twice in different forms, as a cross-check. Thus there are two questions dealing with: dedication to customer service; shareholder satisfaction, planned working, cross-cultural attitudes, and team-working.

The questionnaire was also reproduced in a password protected area of Ad Capita’s website to allow those respondents who so wished to respond on-line.

Addressees and Respondents

The target population for the survey is senior foreign managers working in Portugal. While the name of the survey refers to expatriate management, strictly speaking we were interested in all foreign nationality managers working in Portugal, whether on a time-limited expatriate basis or permanently resident.

Responses: nationality breakdown



Our main sources of addressee data were the membership directories of foreign Chambers of Commerce in Portugal and our own database. We obtained directories from the five biggest overseas business communities: Spanish, British, French, Dutch and German. Foreign managers were identified and all companies contacted to confirm names, titles and contact details. In some cases, companies told us of other foreign nationals among their management. Almost all managers addressed were at board level or were senior professionals such as consultants, auditors, engineers and architects.

We sent out the questionnaire to a total of 446 foreign managers in Portugal at the beginning of September 2001. We estimate that this represents around 60% of all senior foreign managers working in Portugal. We also sent out a further 55 questionnaires to senior Portuguese managers from our own contact lists, trying to balance approximately the management level and sector spread of this control group against the target group.

We received a total of 164 replies – an excellent 32% response rate. Of these, 130 were overseas managers and 34 were Portuguese. The much higher response rate among the Portuguese control group is mainly due to their being known to us and thus allowing greater freedom to encourage replies. The nationality breakdown in replies was: Portugal 34, UK 50, Netherlands 28, France 26, Spain 12, Germany 9, Others 5.

Analysis

We compared the responses of foreign managers working in Portugal with those of the Portuguese control group. We also compared subgroups among the foreign managers to see whether any demographic factors (for example age, residence status, size of company) affected the responses given.

Samples thus segmented were tested using a standard statistical test to check whether any answers presented significant differences between the samples. For reasons of statistical significance, we only tested sample sizes of 30 or more. For this reason, the only single nationality we could test against the rest was the British group, since other nationals responded in groups of less than 30.

We only comment on specific subgroup opinions where their responses proved statistically significantly different from the remainder

Apart from Portuguese vs. foreign respondents, we tested the following sample segmentations to try to identify differences:

- Nationality: British *vs.* Other foreigners
- Nationality: France + Spain *vs.* German + Dutch + British
(testing the hypothesis that there is a general cultural difference between Northern and Latin countries)
- Age: Under *vs.* Over 40
- Residence: Expatriate *vs.* Indefinitely resident
- Educational qualification: High School *vs.* University Degree or higher
- Number of years worked in Portugal: Up to 5 years *vs.* more than 5 years
- Company size (by workforce): Fewer than 100 employees *vs.* 100 employees or more
- Company ownership: Majority Portuguese owned *vs.* Majority foreign owned

APPENDIX 3: Summary of data

Portuguese vs. foreign managers' responses

	Portuguese N=34		Foreign N=130		Differ- ent?*	
	S.Disag.	S.Agree	S.Disag.	S.Agree		
	% of responses		% of responses			
General social and business environment						
I enjoy living in Portugal	0	0	0	41	59	NO
I enjoy working in Portugal	0	3	29	44	24	NO
Bureaucracy is a serious problem here	0	9	15	56	21	NO
Portuguese companies usually have a clear business strategy	0	32	59	9	0	YES
Company management in Portugal is highly accountable to shareholders	0	35	50	15	0	NO
The business environment here is very active and dynamic	0	24	59	18	0	YES
Portuguese business and commerce is highly customer service oriented	3	26	65	6	0	YES
Business is generally very well organised and efficient	9	56	35	0	0	YES
Deadlines and timetables are taken seriously in business in Portugal	26	50	21	3	0	YES
It is easy to find well-trained managers in Portugal	3	26	47	24	0	YES
We could recruit better managers if we could pay them more	9	26	35	24	6	NO
Management style						
Portuguese managers work well in teams	0	21	50	29	0	YES
Portuguese bosses tend to be autocratic in style	0	9	32	56	3	YES
Portuguese management style is very informal	12	41	38	9	0	NO
The widespread use of academic titles (Dr., Eng., etc) is a nuisance	0	3	38	35	24	NO
Portuguese managers work very hard	0	6	29	59	6	YES
Managers here prefer to work in a planned way	6	44	41	9	0	NO
Managers are good at dealing with problems and unexpected situations	3	3	9	68	18	YES
The Portuguese way of dealing with deadlines is to leave everything to the last minute	0	3	12	53	32	NO
Managers here prefer to work according to agreed rules and procedures	0	44	38	18	0	YES
Creativity and originality in problem solving are strong characteristics here	0	3	21	53	24	YES
Decisions agreed in meetings are always accepted and acted upon	0	50	47	3	0	NO
Managers are individualistic, rather than co-operative, in their thinking	0	12	41	44	3	NO
Managers in Portugal are punctual	12	62	24	3	0	YES
Portuguese managers are concentrated and efficient with their time	9	44	41	6	0	YES
There is a culture of "presenteeism" (working long hours 'for show')	3	9	29	44	15	NO
Managers and the market						
Portuguese managers carefully analyse their customers' needs	0	26	59	15	0	YES
Managers in Portugal understand their competitive markets very well	0	26	41	32	0	YES
Portuguese management is dedicated to excellent customer service	3	47	47	0	3	YES
Good personal relationships with customers are essential to business culture here	0	3	21	47	29	NO
Managers in Portugal tend to be excellent at selling	3	12	50	32	3	NO
Portuguese managers are good at dealing with overseas customers and colleagues	0	6	26	65	3	YES
Most managers here speak at least one language well other than Portuguese	3	3	3	53	38	NO
Managers are good at understanding and adapting to different business cultures	0	3	15	62	21	YES
There is a strong entrepreneurial spirit among Portuguese managers	3	21	47	26	3	NO
Senior managers are highly focussed on satisfying shareholder needs	3	35	38	21	3	NO

* Two-tailed test on sample means at 95% significance level

APPENDIX 4: Comments added by respondents

"The questionnaire is difficult to answer in parts since I have found a marked difference between the managers who are ex-colonial (Mozambique/South Africa/etc) and those who have lived their entire professional career in Portugal. The former, in my experience, are more focussed on delivering than the latter. I have 2 managers who spent 20 years in Africa and 2 wholly in Portugal. The difference in work culture between them is marked."

"The quality of management is very different depending on industries. Public sector lacks of a new breed of highly productive, focused managers. Managers do not act in pursuit of a clear accountability for shareholders."

"As a Hi-Tech Company we now find that employing . Staff is a 'nightmare' have had to turn to the U.K. and Europe. for any staff to meet own standards. I look forward to the results of this survey and hope that it will bring about change.....I live in hope... but work with none!"

"Management culture in Portugal is a product of a professional clique, a closed shop of lawyers, accountants, notaries and senior civil servants and business managers. It runs counter to the natural entrepreneurial and hard-working spirit of the people. It is a fundamental flaw and is not sustainable. Instead of parity with Ireland, this country in business terms, is being taken over by Spain. Good Luck with this survey!"

"1 - You Focus on the key elements of the management style! Good!

2 - Portuguese Companies (100% owned or with minority overseas owned) have some difficulties to think about strategy and long term.

I have been working for a multinational and now for a Portuguese company, and I feel the difference: I miss organisation, priorities, initiative, ... you have to be patient!

People: 'Staff ' seem to be submissive to managers (Senior Managers); knowing well-positioned people helps you to progress even if you haven't the profile; there is no trust, senior managers have some difficulties to trust you; they work on pressure, and are very reactive if necessary. You have very well oriented client companies but it is not a generality. Most of these are multinational companies."

"I sense a general lack of self-confidence and self-belief amongst Portuguese Managers which holds back development. Portuguese Managers would tend to compare themselves negatively with other European nationalities. I also feel (this could be wrong) that there is a strong social-class issue in Portugal which has perhaps held back the emergence of an entrepreneurial middle class management cadre. Of course, many Portuguese owner/entrepreneurs have developed successful small e medium-sized businesses."

"Main problem is lack of culture of free comment. This makes team work difficult. Few managers will take responsibility for a decision. As the doctor in the madhouse says in *Veronica Decides to Die* by Paulo Coelho, 'If the situation gets worse, make a report and pass the responsibility to the Council of Doctors which runs the hospital. If you want to avoid trouble, always share the responsibility, his father had taught him. He had also been a doctor and he had various deaths on his hands but never any problem with the authorities.' "

"Management skills are burdened by lack of practice oriented education/ high school in the past. The title was more value than the function. Tends to become better. Improvement will take still 5-10 years, but has to include public utilities and government departments."

"Portuguese management is good in solving problems created by themselves (often unnecessarily)."

Can Portuguese management compete ?

“Reward recognition is seldom used as a tool by management - giving little motivation for teams to perform beyond set goals.”

“Nevertheless, despite that, the Portuguese are extremely nice people in every aspect.”

“The idea of a ‘typical’ manager is inconsistent with the current development of Portugal. There are greater varieties in capability, education levels and in attitudes to work than in the U. K., for example. One prevailing concern is that work is extremely important and the opportunities for career switches are very limited. Managers have to keep their jobs, work effectively within a given sphere, but often lack the mental tools to be able to improve their performance or to adopt to new circumstances.

“This country has an enormous potential for development. There are a lot of things to do. The future will be brilliant!”

"A very large percentage of the businesses here in Portugal are family businesses. Especially statement 5 of bloc 1 (accountable to shareholders) and statement 10 of bloc 3 (satisfying shareholder needs) were interpreted as if the manager involved is not himself a shareholder..."

“I mainly work with retailers, so the questions about management style and managers are not all applicable in the point of view of my work experience.”

"My knowledge of Portuguese Management culture is limited as we have no Portuguese Manager. My comments are restricted to observation of others. In general the Portuguese working culture of anyone living in the Algarve (where my office is situated) would not be acceptable to my company or its customers."

“Portuguese companies and their managers have strengths - *savoir-faire*, strength in exporting, sale price, reactivity and versatility. On the other hand, they do not in practice put the customer at the heart of their strategies and as a result do not offer good service. In traditional industries the spirit of managers over 45 years old is still: ‘The customer must accept the product we make, just as we make it and on the date at which we decide to deliver.’ Thus the economic slow down which we have been feeling for the last few months will sort the wheat from the chaff.”

“Your survey, perhaps for understandable reasons, does not touch upon the integrity and honesty of the Portuguese (manager). Dealings/relationships with Portuguese managers need an understanding of their fundamental (inherent) insecurity and inferiority complexes. Hence, they hang on to titles, hierarchy and bureaucracy for status and power. They do not trust ‘estrangeiros’ [=foreigners] and feel that they are liable to be cheated (because they cheat themselves). They have an ‘Arab’ mentality in negotiations. They are consummate liars, especially when having to cover-up their mistakes or inefficiencies. In spite of these characteristics, or perhaps with knowledge of them, it is possible to have happy and fruitful relationships with the Portuguese management culture.”

“1. There is a big divide in management style between managers above and below about 45 years of age - younger managers, less influenced by the pre-revolution (1974) and immediate post revolution periods, are more dynamic, professional and objective about business.

2. The Portuguese economy is especially difficult for business compared with, say, Spain because of its small size and the lower benefits of economies of scale and hence lower margins."

“Despite all the negative aspects - who cares - one lives in a country that offers good climate, friendly people and, most importantly, quality of life!”

"In my opinion the negative tendency in my answers has to do with the general culture that is caused by bad education possibilities and information and by bad examples people have from politicians and other higher level public workers that are often give the wrong example. Successful managers are very often not honest people, so if you want to be successful who or which style do you copy?!"

"My perception is: when Portuguese people find an unusual obstacle in their normal activity, they wait until 'another' resolves the situation. And not only in the, see the queues of cars, how many people find alternative ways?"

"One of the things I feel strongly different to other countries, e.g. Germany, is the fact that Portuguese managers need to control very much the work of subordinates. You need to give them detailed targets and tell them, how to get to the result, because most are not used to work independently, free, without control. Therefor you have to spend a lot of time in control activities."

"You cannot globalise an entire nation. There are bad managers here but there are some very good managers."

"Many of the questions in this survey seem to have been set based on older working methods. The approach to business generally has changed and is still changing rapidly. Many companies, especially multinationals, have managed to make sweeping changes of older working styles, elimination the communist ethos. Younger managers have changed things for the better creating a new energy. Most managers here speak at least 3 languages."

"[Name of major industrial Portuguese group] is not a 'typical' Portuguese Group! I have attempted to respond on 50% [Company name] and 50% average. Generally, [Company name] is stronger in all areas than average!"

"I hope this will change the attitude of the working Portuguese people."

"The management culture in general is still far from mature in this country. Promises and agreements are made too easy and too quick; one is very often surprised that a Portuguese sticks exactly to his promise. It will take some time, but it will get better because they will have to become more 'serious' in order to be able to play an important role on the international marketplace. I am very much interested in the results of your survey and wish you a lot of success."

"Important characteristics of Portuguese managers that I know: Easy to adapt but great fidelity to the past - only surface adaptation; great respect for the chief, for the established power; Lack of general culture, even about Portugal itself; Trend to work for money rather than for personal development - difficult to motivate them with professional development - they do not understand! Funny mixture of inferiority feeling and great pride; The younger generation is much more European; Life outside work is much more important for Portuguese managers than for French ones (priorities are not 'as professional' as in North Europe for the managers)."

"Some of the traditional or stereotypical characteristics of Portuguese management culture are being changed by younger 'up and coming' managers who are benefiting from having higher levels of international exposure than their predecessors. The younger crop of managers are facing an environment where very, very basic management requirements such as hitting deadlines, punctuality and structured action plans simply have to be in place."

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Clive Viegas Bennett

Chris Brewster

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Ad Capita, Recursos Humanos, Lda

Ad Capita Executive Search
Campo Grande, 56 – 6C
1700-093 Lisbon
PORTUGAL

Telephone: +351-217 998 110
Fax: +351-217 998 119
E-mail: capita@adcapita.com