

**Abstract:**

**Foreign investment, management and problems of agency in nineteenth-century Portugal**

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The introduction of modern urban infrastructures and railways during the second half of the nineteenth century was a decisive challenge to a country lacking capital, technological and organizational resources. Access to the international financial markets became critical to the introduction of these network infrastructures in Portugal. The geographic distance between the sources of this capital and the location of operations introduce problems of agency, a well-known problem in organizational studies (Jensen, 1998). There was the need to establish an accurate definition of incentives and mechanisms of control in the principal-agent relations between the foreign shareholders, who controlled these firms, and the management structure operating in Portugal (Jensen and Meckling, 1976; Jensen and Smith, 1985; Lamoreaux and Raff, 1995). The aim of this paper is to analyse how this problem was approached in several foreign companies during the second half of the nineteenth century in Portugal, using data from railway and energy companies controlled by foreign investors.