

BRAZILIAN ELECTRIC SECTOR CORPORATE GOVERNANCE: INSTITUTIONAL INVESTORS CONTROL *VERSUS* MANAGERS MOVEMENTS

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Abstract

The present work aims calling attention to the cultural dynamics of a deflagrated conflict within the new institutional environment of a privatized electric sector company in São Paulo, opposing those who defend the company's democratization among the entire manufacture community viewing the stakeholders' collective rights (managers, Non-Governmental Organizations, local community, the State, regulatory and certificating agencies, consumers etc...) against those who defend the company's democratization, but just among its shareholders (GRÜN, 2003), central in the individuals rights discourse. This article presents the results of a research carried through 55 managers of privatized company within São Paulo's electric sector. These results indicates these monetarized actors' movements within the re organizational process analyzed have set limits towards managerial actions, whose, in order to legitimize themselves and make prevailing their symbolic power (BOURDIEU, 2000) in the present organizational scene, impose concurrent constructions to the shareholders, either upon the valid company definition, as upon the better management approach to be adopted, both extracted from their world views, each of whom, interested in guaranteeing their divergent expectative.

Keywords: corporate governance, Brazil, institutional investors

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1. Introduction

Since the 1980's the organizational universe has been passing through an internal reorganizing process shaping itself according to the macroeconomic scene, which had extended the liberal logics abroad the companies, transforming its governance structures, until then centered around the managers' leadership and experience onto market relations where the neo liberalism's precursors had found fertile soil for the corporative governance's instauration (GRÜN, 2005; SIFFERT, 1998) coupling to a broader management issue that has been called financialisation (GRÜN, 2007; WILLIAMS, 2000; FROUD *et alli*, 1999) in which the liquidity's imperative has been transforming the firm itself into goods. In this context, the present work views the examination of the new managerial profile of a São Paulo's electric sector privatized company, in front of the new institutional environment, now colonized by the financial logics, sole common denominator capable of supplying management standardized alternatives for its new managers derived from the most diverse trajectories, and that had therefore found in the neo liberal consensus, support for this language legitimization in these enterprises' conduction.

My analysis will be centered in a potential conflict deflagration in this new economic order,

opposing the new managers to the formers ones, both present in the privatized company nowadays, each one interested in prevailing its symbolic power, viewing to guarantee its different (and for times, divergent) expectations. For so these agents dispute not only the control, of the direction, but also of the valid "firm's" definition next to the society, imposing competing constructions on such an agreement, extensions of their world views. In order to understanding the organizational dynamics involving this dispute it becomes necessary returning to the XXth century's beginning to locate and positioned the fortified contenders' appearance in the enterprise's reorganization processes that had discharged in the opposition detected above, installing the financialisation scenario. We will also recover to the Institutional Theory proposals, which by a joint analysis of a social, political, cultural and economic phenomena searches to understand the occurred transformations in Brazilian enterprise's universe in the last few years.

2. Organizational Dynamics in the XXth Century

As argued by Chandler (1990a) the modern American firm emerged in such a sudden and revolutionary way to manage the new possibilities offered by the

railroads and the telegraph. In 1870, the great companies were very incipient, but in 1920, the great companies structuralized in direct lines of authority and responsibility with a wage-earning professional manager distributed in diverse hierarchic levels had become the no-governmental institutions of bigger influence in all the industrially advanced market economies. Before the arrival of such hierarchic modern firm, the small preexisting ones were units composed by few employees, auto-managed by its owners, co-ordinated and monitored basically for market and prices' mechanisms. Contrasting with this one, the rising decentralized multi-departmental company, operated in diverse localities, producing and distributing many lines of products and services, whose transactions had been internalized by the firms whose activities and decisions turned to be coordinate and monitored by the wage-earning managers, sheltered from market mechanisms. The remarkable characteristic of this modern firm was the employment of a average and high management hierarchy, in charge to supervise the work in the units, originating a new class of business-oriented men.

According to Chandler (1990b), before the railroads, the telegraph and the availability of the coal as power plant and heat, the enterprise activity in U.S.A. was not enough for the creation of the great multi-departmental company nor justified a professional wage-earning manager class in integral time. However the reached possibilities of growth with these technologies had become possible the increase of the volume, the speed of production and the movement of products, and, necessary, the creation of such a managerial hierarchy to co-ordinate and to monitor the new processes of production and distribution. As business firms' complexity and profitability grew, the managerial field consolidated itself around career ascension possibilities and to do so, managers were always increasing the production's scale and speed and also internalizing more units and processes.

As companies grows (and also the managerial class), the responsible centers for scholarship's formalization and specialization also grew, as well as the bureaucratization processes and work division, that, conjugated altogether gave support and fed the new professional class legitimation as the great corporations conductors. These professionals had, generally, the same type of education and training, frequented the same group of schools, had access to the same sources of information and professional update, read the same periodicals of the area, affiliated themselves to the same professional organizations, homogenizing and fortifying the new breed professional activity, becoming each time more independent of the companies' owners they directed. (KAMOCHÉ, 2000; KELLY, 1993)

Movements of enterprise structuration also fed and consolidated such managers' paper and importance within the businesses. According to Fligstein (2001), the intense movement of fusions

since the XXth century beginning, occurred in all the industrial fields, being the most prosperous, those that locked up two conditions: the verticalization strategy and the maintenance of a management hierarchy to co-ordinate, to monitor and to place resources between the productive units. The owners and investors did not have time, nor the necessary information to consider alternatives to the managers' decisions; they could even veto them, but they could make very little moreover, and in the case, they did not agree with the management actions, they could dismiss them, but, as they would not manage the firm themselves, they would have to contract others. Up to this moment in the enterprise development, managers imposed themselves as one of the most important factor of success within the professionalized capitalism. (USEEM, 1993a)

Thus, the "Managers Revolution", (BERLE & MEANS, 1932 *apud* CHANDLER, 1990) that is, the substitution of owners and people that had learned with the mere practical experience in the workstations, in the conduction of the companies, by people with specific formation for the conduction of these enterprises and that, in a short space of time had been legitimized as "indispensable" for the good functioning of these. The making decisions processes had become to be viewed as learned and not an inherited or an intuitive ability.

However, according to Useem (1996), from the decade of 1970 on, the companies had faced a long period of decreasing profits and the fusions' movements of the last decades was interrupted due to some factors: the Antitrust Division of Nixon's Administration who had fixed laws against the great conglomerates' fusions cooling the shareholder market; and the high interests' taxes had also disfavoring the fusions' movement. The companies' profitability crisis began announcing changes in the firm's control conception. At the same time, the professional managers had become masters in its management, being recognized and rewarded by their performances and exerted leaderships; it was difficult to the owners to certify that they made it in a way that best served the shareholders and owners. Once installed, managers were sought ahead careers' possibilities, power and other reasons that intervened in their decision taking. Moreover, such decision taking would be submitted to the local communities' problems, non-profit organizations, unions, and others that claimed for more "socially responsible" companies, diminishing the company's efficiency and the shareholders' inclination in keeping them. (HIRSHLEIFER, 1993)

In this moment, mechanisms of wage compensation based in the managerial performance enter in scene aiming to line up the interests between managers and shareholders. Such mechanisms found endorsement in the Agency Theory's formularizations (FAME & JENSEN, 1983), this one interested in a frequent relation type in the economic system, where bilateral relations between an individual (the

principal) and other one (the agent), in which the principal establishes a compensation system (contract) that motivates the agent to act in accordance with its interests in an attempt to monitor the agent's activities. In the organizational context, according to this model, the firm relations can be reducible to a contract sheaf between the agent and the principal, equaling the firm internal relations to market relations. (COASE, 1937)

Although this redirection that sowed a new conception for companies' control, they had not totally recovered from the 1970's crisis, and the executives had started to blame Nixon's keynesians politics opting reducing this interference adhering to the market principles postponing possible internal reorganizations of the companies.

Despite the state interference's reduction, due to the Reaganomics' installation in 1981, that allowed almost all fusion's types up to the concentration limit of 80% for the same line of product, and also reduced the companies' taxes, several of them had not succeed in recouping their performances and competitiveness of the professionalized capitalism's golden years, turning the searchlights to illuminate the average management's inefficiency as it's bad performances' cause. (WESTON, KWANG, SUSAN, 1996) On the other hand, the changes introduced by Reagan had fomented a propitious institutional and regulatory environment for a new economic control conception installation on the companies, which saw in the corporative downsizing, the Business Process Re-engineering, the fusions, the acquisitions and in the privatizations, an attractive management alternatives' menu to be adopted by the organizations to continue in the market each time more active for the firms' control. (FLIGSTEIN, 1998)

Lined up with these strategies, a new set of monetarized actors, the institutional investors appeared in an almost imperceptible way, and little by little, had taken account of a vast companies' share and if, until the decade of 80, they had financed and protected managers against the external threats, during the decade of 80, such actors had also started to pressure charging bigger returns on their investments, leading to a shareholder revalorization rights. FLIGSTEIN (1991). This announced the "Shareholder Revolution" (USEEM, 1993b) constructing the companies' shareholder control conception. Since World War II's ending, the institutional investors represented by private equities, pension funds, investment funds and insurance companies, regularly came acquiring companies' shares, but during the 1980 decade, these institutions had started to concentrate great share ratios. (FLIGSTEIN & FREELAND, 1995)

According to Fligstein (1990), the transference of individual shares to the institutions found support in occurred changes in the legislation, that from the 1970's decade, started allowing pension funds and insuring ones to invest considerable portfolios' ratios in corporate share. During the postwar period, the

majority of shares' companies belonged to the individual investors. For instance, in 1950, 90% of the companies' share belonged to this type of investor, in 1990 this parcel fall for 46%. (Standard and Poor's Reports Stock, 1991 *apud* USEEM, 1993b) So takeovers processes, that is, processes through which, institutional investors started assuming the companies' direction which they withheld shares, mining the managers' influence, became possible and common. The takeovers wave of the 1980's is distinct from the previous ones for two reasons: the size and the targets of some acquisitions; even the great American corporations had started to experience the potential threat of hostile takeovers in this decade. (DAVIS, 1991)

The institutional investors' performances found support in the fusions' movements widely adopted by the companies as growth alternatives to competitiveness feeding one another. Thus, as the new shareholding conception sought in this strategy, fertile soil for corporative practices' implementation, they also reorganized the companies towards shareholders' necessities image, which in turn started beginning to search positions in the companies' Managers Advice Councils, using takeovers processes whenever necessary, bringing new contours redirecting the questioning towards managers' functions and importance, becoming themselves reorganization processes' targets. (OCASIO, 1999)

Since then, many big companies have passed through abrupt reorganizations, as its new owners radically redesign its acquisitions. Either this can be an extreme case, the truth is that, the majority of the firms finds themselves in some place between this investors' performance continuum, and thus, for less perceived that this can be, it cannot be longer ignored. (GRÜN, 2004)

3. Limited Rationality and Institutional Processes

The pioneering work of Herbert Simon (1991) presents the idea of managers' decision making processes' limited rationality, which, ahead of incomplete information, is characterized by conventions. According to Simon (1991), managers search during certain available period of time a set of possible alternatives the one that best satisfies his needs. Due to these limitations in information acquisition and manipulation, their behavior becomes satisfying rather than a maximizing one, opposing the Scientific Management and Neo Classics Economists proposals, which poses the managerial decisions consider the decision possibilities' totality choosing amongst these, the best one to be taken, i.e. the *best way*, of which drifts the maximum profit. For Simon (1991), even if the possibilities' total universe was available, the necessary resources and time expenses in its search would make it impracticable, transforming it into a sub-optimum, since its onerous prospecting could imply in opportunities' loss.

In this context, the search for simplifications that derives possible solutions in a skillful time gains relevance influencing the alternatives' menu at the decision taking moment leading managers to look for examples' success trying to get references for their performances and institutional endorsement for their choices. (GALASKIEWICZ & WASSERMAN, 1989)

Yet the process through which successful organizations' strategies are imitated and incorporated for other organizations is treated by the Institutional Theory as the Isomorphism concept. (POWELL & DiMAGGIO, 1991a) For the neo-institutional source of this theory, however, the limited rationality does not lie in the information's source restrictions, but in the interpretative processes through which managers understand the world, the others' behavior and the cognitive models that guide human's actions. That is, even so the complete information was available; the decisions would still be largely influenced and constrained by manager's view of the world. (GELETKANYCZ & HAMBRICK, 1997)

In behalf of the presented contexts and the questions posed up to here, the instrumental provided by the Institutional Theory, due to its interdisciplinary character is a well adjusted approach for the enterprise universe transformations analysis occurred in Brazil in the last few decades.

The Institutional Theory search through the joint analysis of economic, politics, cultural and social phenomena, understand why organizations engage themselves in a search for homogeneity adopting similar organizational forms and practices, suggesting the individual preferences and the thought basic categories, the social action, the State and the citizenship are shaped by institutional constraints. (SCOTT, 2004; DiMAGGIO, 1997; MEYER & ROWAN, 1983)

4. The Empirical Research

For gauging the previously cited conflict, a research in a privatized company of São Paulo's electric sector was carried through with 55 managers. Parallel to these interviews analysis substantial published news in the business-oriented press, more specifically, Valor Econômico and Exame, the leading Brazilian newspaper and magazine in the business area, have also been analyzed, in search of the actors' movements and efforts within the new sector's institutional environment. The isomorphism (POWELL & DiMAGGIO, 1991a) and of the institutional theory (SCOTT, 2004; FLIGSTEIN, 2003; POWELL & DiMAGGIO, 1991b) interdisciplinary approaches had supplied the theoretical bases upon which can be drawn an enterprise scene capable to support the presented constructions and, at the same time the necessary elements to catch the managerial conflict nuances.

The interviewed managers had been divided in two initial groups, being first, group 1, formed by 40

managers interviewed in the firm's headquarters (out of 88 total of them). Group 2 was constituted by 15 company's former-managers. Either group 1 and 2 can be divided into others 2 as Tables I and II shows:

INSERT TABLE I ABOUT HERE

INSERT TABLE II ABOUT HERE

The interviewed participants in the Company's Head Office were between 36 up to 61 years old and are 4 up to 37 years in the company as graph 1 illustrates. This group is composed both by people who were present before the privatization and those who had entered later.

INSERT GRAPH 1 ABOUT HERE

Graph 2 below shows each participant work time experience as manager varying from 4 up to 16 years.

INSERT GRAPH 2 ABOUT HERE

The sample was composed of 30 men; 25 of whom were married, 4 were divorced and 1 was a bachelor one. The sample had also 10 women; 6 of whom were married, 1 was divorced and 3 were bacheloretts. The number of sons and daughters varied from 0 up to 4. All the sample men had at least 1 son; yet, 60% of the interviewed women had not had children and 40% of them, had one son alone. All the 12 men up to 55 years old had had at least 3 children.

All these group participants have concluded superior formal education in one of the following courses: Civil Engineering (14), Business Management (7), Economy (7), Electric Engineering (5), Law School (3), Production Engineering (2) and Information Technology (2); 34 of the interviewed managers attended to the best Brazilian universities, and currently, 23 of the interviewed ones are attending to some specialization course MBA type, either in Business, Finances, Marketing or Human Resources; and 1 manager is taking his PhD in Law School. Among the interviewed managers in the Headquarters' company, 6 had had international academic experiences and 3 of these had had also international professional experiences in other firms. All these research participants' salaries are divided into two parcels; a fixed one and another variable paid as stock options form. Table III, below, summarizes this data:

INSERT TABLE III ABOUT HERE

The 15 former-managers from the Company's Branch Office were between 37 and 72 years old. In this sample there were 15 men, and among these, one single man. The number of children varied from 0 up to 4. These participants ranged from 11 up to 39 years of company's work time experience; 4 of them were present since the company's first private phase, previous to the 1964's nationalization. This group formal education included 4 business managers, 4 civil engineers, 5 electric engineers and 2 Electro technical technicians. They had left the company altogether with the others 11 participants of this group during the privatization process transition. Graph 3 below illustrates these data. In common, all these participants presented a very negative vision of privatization, as they feared their dismissals and benefits' loss, the work load increase for those who stayed in the privatized company, the high price taxes, the industrial accidents, the energy cuts and the outsourcing services low quality. The following results compiles other described participants view and perceptions about the this event.

INSERT GRAPH 3 ABOUT HERE

5. Data Analysis

Although the previously designated conflict's nuances can be traced among the managers, either in a clearer, or in a diffuser way, it is not something that opposes openly or directly the interviewed groups in the Company's Head Office, hindering its daily, described (until certain point) friendly acquaintance, having only been detected when provoked and under the anonymity allegation. That was the case of some managers who confidentially recount other managers' group attitudes towards the privatization transition, which had left some traumatizing memories over many former managers dismissed by that process.

They told me that there was a manager group present by the privatization time who felt that engaging themselves in the privatization process, of which they did not know too much, beyond the possibility of losing their positions, they could by one hand, "manage" the staff cuts and positions; on the other hand, better understand such process, making it less painful for everyone, and yet, on the other one, enable employees to act in the new company or aware many of them about the urgency in adhering to the VDP (Volunteering Demission Program) before it became a less attractive one as time goes by for the unavoidable future dismissed ones, thus minimizing, they thought, either financial or emotional losses. This group's intention was knowing at first hand which would be the aimed cut-areas, either to train or to relocate people, whom in the former-managers' perception would continue in the company, in a way they felt they could "make justice with their own hands" identifying "the marahajas", that in the overall opinion would have to be the first ones to leave the

company. However, such study called the government authorities' attention and its conclusions collaborated, in indirect way, some say, or in a direct one, according to many others, for the forthcoming decisions, as well as for some parcel of the existing conflict deflagration today in the company.

Although this managerial behavior evidenced an attempt to cushion the imminent changes (something that the idea's entrepreneurs are very proud of, especially when comparing themselves to other companies, which had passed through the same privatization process and had not had the same initiative), many people have perceived it as "a foot's shot", as this group "anticipated" the re-engineering process, that inevitable would have to happen by gaining support of Arthur Andersen, provided by the government, which had largely diminished the managers' autonomy in their own undertaking. By the time the new managers arrived, they immediately pointed out the initial potentials cuts area, according to the presented study that began with the managers' point of view and ended with Arthur Andersen consultants work. Thus, according to many, the project for a softer transition for all finished running away to its entrepreneurs' control, becoming tenuous for few and tremendously brusque for many, which had acerbated the animosity among all by addressing to an already pre-announced disturbed occasion, certain betrayal aura.

The events' sequence would only aggravate such situation. As the new controllers arrived, they had formally implemented two giant processes of Re-engineering and Corporative Downsizing that had reduced in more than 50%, the number of direct employees of the state-owned company that dropped from 7000 to 3300. The interviewed managers in the Branch Office told a sequence of provoked humiliations in a emblematic scene, where all the employees would have been lined up in the company's external patio obeying the "new staff", that according to some lists, proceeded removing some of them out of the lines and leaving others, both of which group, at that point, did not even know if they were selecting to leave or to continue in the company. Parallel to this, threats due to the gradual profits' reduction associated to the VDP were being made, in an attempt that the employees would adhere to the VDP in those circumstances.

According to former-managers group interviewed in the Branch Office, them belonged to a local social and technical elite, which the change process constrained in the presence of their families and society, which fed their negative perceptions presented here about the privatization process' conduction, being common the usage of analogies associating the state-owned company to "one family", the privatization to "a war", the transition's time to "a slaughter" or "a execution wall" and the process' result to "winners" and "losers".

On the other trench's side, those admitted later and because of the privatization, say the problems

raised with the transition, are just a matter of “fine adjustments” by the new controllers and that with a little understanding of all, they will be soon solved. They disdain the “too nostalgic histories”, excessively sentimental counted by some former managers who, still today, frequently pass by the company to take one or two coffees, to talk, to relieve, to breathe the “company’s air”, to review the ones that continued in the new company and others that also had left, but also pass by (such behavior was observed only in the Branch Office. To access the Company’s Head Office a series of security procedures is required).

For the new company owners, the privatized firm had, necessarily, to change to face the new market “challenges”. Implicit in the change idea there was the concept of a superior way of management. The Corporative Governance’s speech based in successful national and international practical examples, in the new institutional arrangement, and in the shareholder revalorization advent started giving form and sense for new best way in which *only* the financial language could supply the sole common denominator for the new owners and their distinct trajectories.

Thus, the analyzed company which, by the end of the XXth century had not yet adopted any practice from so called Japanese Model, attended simultaneously, two landing approaches for its future management: the Total Quality Management and the Corporative Governance. These two approaches, at first sight contradictory, had acted legitimizing one another, as each side of the trench pronounced them.

The interviewed managers had clearly demonstrated their preferences relating to these two approaches: the former-managers salute the Total Quality Management, seen almost like a *cause*, and resist to the Corporative Governance concept, in a very guarded way not to be seen as “quadrados”, while the new managers embrace the Corporative Governance concept and understand the Quality Total Management inside a functional perspective, where it make sense because it is important for the Corporative Governance concept. In order to disseminate the Corporative Governance subject, the company Board of Directors programs periodic lectures for its collaborators, as well as, it is frequently brought up to date in its internal medias, Intranet and the daily periodic. Moreover, 68% of the interviewed managers had declared to have already entered in contact with the concept through the specialized media, articles, lectures, events and others means where its adoption is celebrated. The collaborators, as they might be called, are obliged to promptly pronounce the key-concepts of this management form, as well as social responsibility, certifications, company’s mission and vision, whenever questioned, reason that led to many formatted answers on this subject.

However this influence game not always presented itself in such an open form, almost like a caricature one, because its legitimating will be more effective, the more shared and naturalized, its institutionalization forms appears to the collaborators

(DOUGLAS, 1998). In function of this, the more these ideas appear to be associated to the well-succeed elites within the society, the more efficient will be the exerted influence. And, intuitively opposed to what one can think, the lesser the precision around determined concept, better the conditions for its ample diffusion in Brazilian organizational environment through isomorphic processes. This is what Donadone & Grün (2001) had observed when analyzing the CCQs concept diffusion in Brazil during the 1980s, when unions, business-oriented entrepreneurs and the press fought to define the subject, accordingly to each one’s interpretation that would best serve its different (and divergent) interests.

Accordingly to the Corporative Governance’s direction, the management mechanisms from the new private phase of the analyzed company became very different from those used in the state phase. Today there is a standardized selection process, which searches among young graduated students, those that better adheres to the Corporative Governance’s profile. The reason for this preference has its roots down deep the Corporative Governance and Financialisation approaches, which promises an ascension space for those Grün (2003) called “young ambitious persons” derived from the financial, economic, in business management, computer science and legal specialties in companies guided by the market principle. All the interviewed managers in the Company’s Head Office had attended a superior formal education course in either one of the cited areas, and may of them are currently attending some specialization MBA type course, also in such areas.

The research results also revealed that women are ready to postpone their maternal instincts in front of an international career possibility. Thus the energy sector privatization and its corollary, the Corporative Governance approach had definitively conquered loyal female collaborators in the analyzed company by opening spaces in the work market, till then exclusively destined to the men. On the other hand, the financial logic treats to homogenize all through the use of management tools capable to supply a individualized vision in terms of each productive resource, including the human ones contribution to the financial results.

Examples of such approach can be traced to the ABC Method, an expenditure method based on activities for strategic costs management, as it makes possible identifying the really important activities for one determined product or service production, measuring separately the expenditures and the profits occurrence in each company unit. Another well spread out technique synchronized with the financial logic inhabits in the management processes automation with the so called ERPs or Enterprise Resource Planning, which aims to the overall integration of the company (whose investment would be prohibitive, if there was not the unsatisfied managers wish toward the complete operations automation), was introduced

in an abrupt manner generating conflict and resistance between the employees, not to mention, the technical problems themselves, that turned impracticable the planned integration. Some employees have been working on weekends trying to dominate the R3 SAP system. Moreover, Human Resources Department employees have to type hundreds of checks due to the frustrated integration, which has contributed for the system discredit, tension growth, Information Technology area general constraint, excessive expenses with external consultancy and corporative jokes propagation.

Good Corporative Governance practices still include new performance evaluation company criteria production and diffusion by consultancy's arbitration.

Froud *et alii*, (1999) analyzed the shareholder value ideology that has initiated its trajectory as a consultancy's product by the 1980s, turning to a 1990s hit and the rule by the XXIst century beginning. Nowadays, many of the packages offered in this area, include the adoption of a customized metric in charge to reduce the complete extension of the corporative decision process to some common denominator and the managerial incentives packages implementation for adjusting managerial behavior. As all company listed in stock exchange started needing to measure its capacity to remunerate its shareholders investments, all consultancy firm started needing to develop its proper metric as can be seen in table IV below. According to the authors, there are many differences among the packages offered by the consultancy firms. While Stern Stewart adopts a optimizing approach and a standard implementation for all customers, others as the Boston Consulting Group recognizes a variety of measures and offers differentiated metric for each customer. Others as the PriceWaterhouseCoopers adopt measured more eclectic combining share value techniques with others as scorecards and value chains.

INSERT TABLE IV ABOUT HERE

In another study, Froud *et alii* (2004), affirm that these metric had become powerful because they allow ranking the companies performances, even so, in technician aspects, they, are relatively simple. The analyzed company uses the so called EVA (Added Economic Value), i.e. the residual income of the company, whom shows if in one year the company is capable to earn more than its capital weighed mean. The MVA (Aggregate Value of Market) also used by the company, is a direct consequence of EVA, which assumes the market incorporates future profits expectation, being equivalent to the deducted present value of future EVA. It seems simple, however, to derive one's company EVA Stern Stewart, the contracted firm by the analyzed company, makes from five up to ten adjustments that enhances this value. Thus even so, any interviewed manager could calculate the company residual income, only Stern

Stewart can produce the adjustments necessary to, in fact, reach EVA.

If the metric one is not that original, its impact on the shareholder value speech is, as on one hand it focuses in the managerial behavior effectiveness to act in accordance to the shareholders interests, and on the other it is capable of measuring in a systematic form each enterprise unit or productive resource contribution, also human or not, for the company's profit. The derived information from its application subsidize the decisions on investments, units sales, business bonus and human resources dismissals.

Altogether with these metric, the analyzed company also uses the EBTIDA (Earnings Before Interests, Taxes, Depreciation and Amortization) in its decisions taking processes. This criterion appeared in the American market by the 70's and soon gained notoriety measuring how much time would be necessary to a company, with great volume of investment in infrastructure, came to prosper. When disrespecting the financed resources interests and the assets depreciation, it became possible to project the firm future performance. As years went by, the EBTIDA became popular and, currently, is considered an optimum pointer to simply evaluate the company's flow cash, despite WorldCom scandal involving its usage.

The Corporative Governance techniques used by the company to support its new management approach divide the research participants. While the state phase managers presents in the Company's Head Office and those from the Company's Branch Office show themselves unsatisfied with some company's directions, mainly in regards to the Quality lack and to the outsourcing, the new managers interviewed in the Company's Head Office affirm to identify themselves with this new approach. They believe this new management control makes the company more engaged to the society, arguing that its high growth indices and transparency can create better conditions to offer more better jobs and fairer insertion and ascension career possibilities embedded in a healthful, challenging and dynamic competitive environment, where the expression: "*The company does not give the fish, instead she teaches us how to fish*" is widely recurrent.

In this group, however, few are those who lines up the personal to the professionals expectations inside the company, as they have in mind that will not pass their entire professional life working in the same company, differently of the interviewed group in the Company's Branch Office. The participants largely majority in the Company's Head Office do not have in their work place, the main lode of their socialization. This group feels pleasure working there, but do not expect that one day their children will work together with them, dream that some interviewed former-managers had accomplished in the company's state phase. In the limit, the new managers do not expect their children to work at all, or at least not in the same way they do, that is not during the most part

of their lives. These people invest in the market stock exchange, in private funds, and their jobs are not the exclusive financial propellant of their lives, nor the company is, the elected leisure place of their incipient families, differently of the network relationships wavered in the weekends barbecues in the nostalgic Company's Branch Office, where many marriages between employees sons and daughters had been accomplished. For this latter interviewed group, a job in the Company state phase meant work for all life long leading them to cultivate lasting friendships and the analogies usage associating the company to one family. For the group of managers who continued in the Company after its privatization, sees in it a tenses, much more competitive and less solidary environment inhibiting personal relationships, and ideas' sharing and cooperation, according to them, indispensable to the healthy company's conduction.

All the interviewed managers agreed the state-owned company had to do something to repel the excessive politics' interventions that caused so many problems to the company's image, but they also think the state company was the one that really democratized the society access in general, due to its public concourses, as well as the career ascension, since there were well established careers plans, being possible pursue ambitiously working there for all life long which led to the healthy cultivation of longing relationships in the work environment, something really valued among these group interviewed ones. They also saw in the previous stability guarantees, chances for long run investments in the career, as it was conditioned to good technician performances, independent from market oscillations, when consideration towards to the employees was a priority, contrasting to what they say to be happening today, when shareholder value overlaps jobs and community respect contradicting its Social Responsibility certifications.

Yet the new managers from the analyzed company have a quite different profile. They view the high financial profits and the shareholder ideology as the real company democratization, associating the "protection" praised by the hierarchic model, bureaucracy and controlling excess. These managers have abandoned traditional engineers careers and opted by areas such as: Economic (6), Business Management (5), Law School (2) and Computer Science (2). But it is in their specialization decisions that it can be better observed their convergence towards some of the following areas; Finances (7), Marketing (6), Business (5), RH (5) and Law School (1). These options towards specialization courses and second language learning generally developed internationally, reveals these group professional update strategies viewing career ascension and development, that in some cases reveals itself in a very aggressive way.

Many of these managers, not only keep their resumes in professional replacement agencies, as they periodically take place in selective processes held by

those. In the 40 people manager group in the Company's Head Office, 17 managers admitted after the privatization, had took place in work interviews in the last 3 months and 16 of these, had been interviewed by others firms in the last month. Yet, some of them use the market economy metaphor, also and mainly, in personal benefit; this is the case of their force work commercialization. 37% of managers under 41 years old and under 4 years of work experience in the analyzed company had used the same expression when defining themselves as "auto entrepreneurs".

Among the 40 interviewed managers in the Company's Head Office, 15 of them had reached at the present management position through professional replacement agencies services, that is, head-hunters, and not through ascension from inferior positions inside of the company. This company's direction line was pointed out as the mayor discomfort cause among those still waiting to be promoted. The Human Resources Managers told this mechanism reaches 60% for the management and strategic positions fulfillment for 20% for operations fulfillment cases. This development and renewal managerial process instauration by the new controllers was pointed out as one of the main conflict deflagration cause between the old state employees and the just-contracted ones, because it seemed to had created a situation where old employees began transferring towards the new managers, values associates to the neo liberal context, and although conscientious that it is a new owner's imposition that simply echo upon the managerial level, it is upon these next (and less powerful) pairs that they brandish camouflaged resentments without incurring into bigger risks as the loss of their current positions. In these group vision, the re engineering and the corporative downsizing rework the company's hierarchy had created a organizational structure that placed side by side, people with more than twenty work experience time in the electric sector side by side to inexperienced former students in very similar positions without any wage isonomy that benefits the younger in every sense and direction.

5. Final Considerations

By XXth century end, the companies' conduction returns to its owners, now a ultra monetarized class slightly different from that of the century beginning, before the managers' figure institutionalization as indispensable to the businesses' management. In this context, the present work had as objective calling the attention for the deflagration of a cultural conflict dynamics within the public services' privatization in Brazil, opposing those who defends the "company's democratization, *but only* for its shareholders and the ones who defends its democratization for all the company's stakeholders" (GRÜN, 2003), opponents of the company's reorientation adopted after its privatization and entrance at Bovespa-São Paulo's Stock Exchange. By entering this space means the

companies have to synchronize with a financial predominant logic in this new institutional environment adopting some standard management tools dictated by the financial market, among them, the Corporate Governance, which brings in its bulge, the liquidity's imperative.

Although some of these alternative management menu tools presented have its origins in different company's areas, they have in common the fact to induce its adepts to a "individualizing vision of the company opposing to a collective one, predominant since the industrial era primaries" (GRÜN, 2005). The Corporate Governance (WILLIAMSON, 1996) and the Financialisation (FLIGSTEIN, 2001) concepts are directly related to ample issues on globalization and neo liberalism, and the favorable positions towards these contexts are no rarely associated with the ones favorable to those concepts, in the same way, its adversaries are skeptics relating to them.

The pro militancy behind the corporative model management holds up the individual rights valuation flag brandishing as "reactionary" those contrary to its rules, thus consolidating itself around notions of "modernity and progress". As such defenders argue in this direction, they send messages against other company reality's perception, and by doing so, they impose their expectations, preferences and choices related to their world and justice views. Although one recognize that "real" enterprise world is much more complex than the company models polarity presented, the predominant hierarchic and the corporative post-privatization, the fact is that today any decision prioritizes the financial returns and any capital immobilization in equipment or inflexible installations, despite its efficient, become objects of extreme cautious, obliging managers to justify their acts from the Corporate Governance principles (GRÜN, 2003). In contrary, the takeovers constant threat can radically redesign the new acquisitions in search of a managerial body with interests "more" lined up to the ones of the shareholders.

Either the example might seem extreme, the truth is that, the majority of the firms finds themselves in some place among this performance investors *continuum*, and thus, for less perceived that this can be, either, it cannot be longer ignored. As well as the modern managerial speech diffusion reinvention power also cannot be, as illustrates the Total Quality speech assimilation side by side to the Corporate Governance adoption in the analyzed privatized company, approaches that at first sight seems exculpatory, as they belong to competitive management alternatives menus, of where the presented opponents extract their choices. However, at the same time that, the Financialisation context is presented as an impediment to such practices adoption, as the involved costs in these options could hold back part of the shareholders' financial returns; its ample spreading by the business-oriented press caused the analyzed company to incorporate it into the Shareholder Value speech, answering to a social

responsibility demand (that part of the interviewed managers does not recognize as the privatized company's responsibility). On the other hand, its opponents, the old guard managers, as they are called / discriminated for the new ones, see in the Total Quality speech, the possibility not only to recover partially its prestige and status parcels, but also, a way of justifying its intrinsic necessity to the new company, thus making these two management approaches not so exculpatory at each other.

In function of this, future research could helps clarify if in the case of universities, welfare, health, security, water, air, bushes and rivers, privatization the same mnemonic key that dislocated the economic elites preference throughout the government guided-neo liberal axle converting the society in favor of the individual rights into detriment of the collective ones, which finally discharged in the public services' privatization, could be reactivated, reprising the episode where strategic national institutions had been privatized. And despite this does not mean that from this moment on, we will always ponder our actions from the mnemonic key deflagrated by the world view associated to the corporative model company, this means that this alternative lies available in our cognitive options menus, being able to be accessed without any bigger constraints.

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Appendices

TABLE 1. Managers interviewed in the Company's Head Office

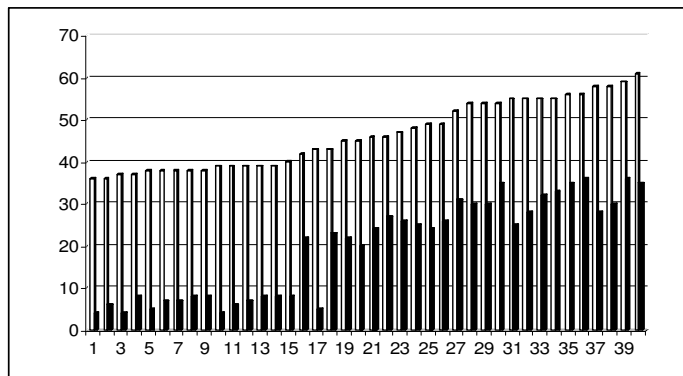
Interviewed Groups	Head Office (group 1)
Pre and Post Privatization / subgrupo 1.1	21
Post Privatization / subgrupo 1.2	19
Men / sub group 1.2.1	9
Women / sub group 1.2.2	10

TABLE 2. Managers interviewed in the Branch Office

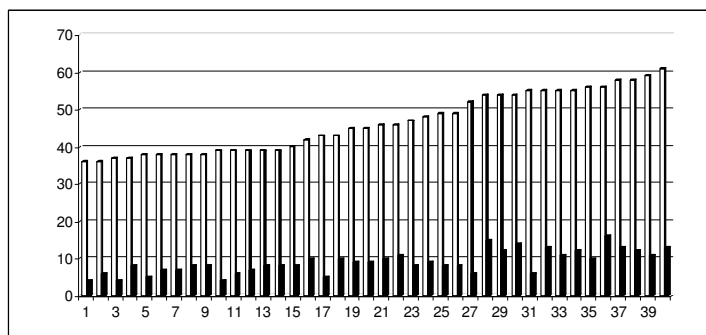
Interviewed Groups	Branch Office (group 2)
Pre Estatization / subgrupo 2.1	4
Post Estatization / subgrupo 2.2	11

TABLE 3. Participants' Elementary Description

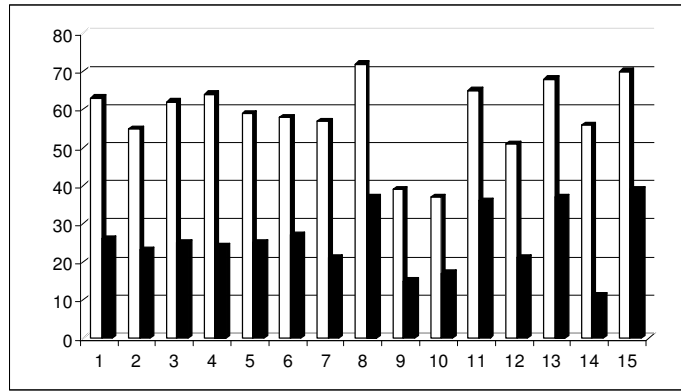
Characteristics	Head Office	Branch Office
Married	31	14
Divorcees	5	-
Bachelors	4	1
Sons and Daughters	0 – 4	0 – 4
Age Branch	36 – 61	37 – 72
Work Time Experience in the Company	4 – 37	11 – 39
Work Time Experience as Managers in the Company	4 – 16	-
Technicians	-	2
Graduated	40	13
Specialists	24	-
International Academic Experience	6	-
International Professional Experience	3	-
Political Indication	6	?
Managerial Indication	8	4
Public Concourse	7	?
Formal Selective Process	4	-
Head-Hunters	15	-
Hierarchic Level	Managerial	Managerial



GRAPH 1. Age and Work Time Experience per Interviewed Manager in the Company's Head Office



GRAPH 2. Age and Work Time Experience as Managers in the Company's Head Office



GRAPH 3. Age and Work Time Experience in the Company per former-Manager Interviewed in the Company's Branch Office

TABLE 4. Consultory Firms and their arbitration metrics

Consultory	Metrics
Stern Stewart	EVA™ (Economic Value Added) MVA (Market Value Added)
LEK / Alçar Consulting Group	SVA (Shareholder Value Added)
Holt Value Associates	CFROI (Cash Flow Return on Investment)
McKinsey	Economic Profit TSR (Total Shareholder Return)
PriceWaterhouseCoopers Arthur Andersen	Own measure and create shareholder value receipts