



**ORGANIZATIONS AND PROFESSIONS: THE FIELD OF STRUGGLES
BETWEEN THE ECONOMIC AND FINANCIAL ELITES IN BRAZIL**

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Abstract

In the 1970s with the emergence and strengthening of institutional investors is set to a new debate about the management and ownership. In this context, a new agent comes in companies: institutional investors. (Useem 1999). This enables investors making the process of mergers and acquisitions in North American firms and in the mid-1990s the privatization process in Brazil. At this time of restructuring within companies, reengineering and downsizing will be tools that will update the organizational dynamics. Within this new business model, the focus is always to contemplate the interests of shareholders. It is within this process of loss of power of the managers and the gain of the financial investors that we will reflect on the role of social actors in the organizational field. Within this process of "culture war" (Donadone, 2004) and which is designed a new type of control within organizations that we think about the action of the production engineer. With the cuts of functions and the process of outsourcing a large contingent of managers is moved from their old jobs. Therefore, they seek to convert some strategies to be re-allocated in the labor market. (Chandler, 1999) That is, within this process of organizational change that we can visualize an intense change in career and employability of many actors linked to the context of companies, such as the production engineers.

Key-words: financial elites; manager-engineers; shareholders.

Introduction: The social agent in question: The "manager-engineer", the leader and the new financial elite

Since the days of industrial revolution in England, the flagship of professions within factories, companies and organizations is the engineering. The production system lacked a "character" with an educational specialist to lead and direct the production. Most engineering schools have been established in Europe and the United States from

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the nineteenth century and had as its main function to create qualified professionals to lead the productive system.

From the twentieth century with the advent of scientific management in the 1920s, and Taylorism itself, there is the requirement of specializations within the profession of engineering. Leme (1983) affirm that between 1882 and 1912 in the United States comes the scientific management, created by engineers like: FW Taylor, Frank and Lillian Gilbreth, H. L. Gantt, who was widespread in factories by a group of consultants who called themselves industrial engineers.

Crivellari (2000) states that already in 1930, breaks up the idea of expert engineer as universal, namely the requirement of expertise in the industry is increasingly growing. Later, after the war, the planning of education and profession gain more strength, and it is in this context that the idea of creation of industrial engineers U.S. morphs in the new profession of manufacturing engineers in Brazil beginning of year 1957 with the creation of the Polytechnic School of the University of São Paulo.

These professionals changes occur because the concern of the companies involved in the production system as a whole becomes not only produce more and better quality rather concerned with how to optimize the usage and material resources. In this sense, the production engineering gains space by having just as pressing concern of its professionals the ability to manage and troubleshoot production systems. The central focus of this training is in the management of production systems.

It is believed that this manager-engineer that arises in this context and has a specialty production management in Brazil is the production engineer. This in turn has a function very similar to that of the French economist Frederic Lebaron as points (2012). The author cited studies in France and economists believe that economics has elements that trigger a market-oriented training, in other words, the economy appears as a frontrunner alongside management market (master in bussiness administration).

As Frederic Lebaron bet on economics as a formation that contributes to the formation of a symbolic order centered on the market, we believe that engineering production in Brazil signals the dominant agents of socialization that will serve as a benchmark for the market through their professional performances such as management



consultants, finance, directors of multinational companies and the management of large companies.

This goal will occur by the 1980s, with the advent of motion turning the crisis of Fordism and post-Fordism, with deregulation, the process of flexibility labor in production systems, where changes occur also in professional qualifications in general and consequently the profession of engineer. The manufacturing engineer is no longer just an engineer but a manager-engineer, in other words a person responsible for the management and control of operations.

The transformation of the productive movements in financial movements

According to Silva (2004) management practices and work organization were focused on traditional low productivity levels, not increasing skills, lack of involvement and commitment related to a high cost of production and overall losses in competitiveness. Case studies show that companies reduced the managerial hierarchy eliminating supervisory functions.

According to Grün (1999), "the world turned upside down" for engineers and technicians involved with industrial modernization since 1980. It is important to remember that from the end of the 1960s the Fordist base is eroded. This fact occurs because productivity is declining while the fixed capital per capita grows. This process leads to a fall in profitability and rate of accumulation. (Leborgne & Lipietz, 1988)

Meanwhile companies rely on the net increase in shares and the key is the maximum return in the short term. According to Grun (1999) in the language of the market we would be facing a revolution of shareholders (shareholders and bondholders) that makes the detriment of the other party stakeholders (community that forms in and around the factory or business). Many authors like Zilbovicius (1999) point out that along with the previously mentioned processes most of the mass of workers is excluded from the battle for productivity and quality. The logic of the industry is focused on maximizing profits and productivity.



From the 1990s, the previous process solidifies the occurrence of privatization, opening of capital, deregulation, lack of owners in companies, or rather the opening of capital provides the fact that any individual can acquire shares of one or several companies. This process can be termed as: disintermediation bank.

The wave of financial deregulation initiated by the United States in the early '80s, which has since spread to most major industrialized countries, is at the origin of the mutation deep circuits of finance and financial environments nationally and internationally. Together, the decompartmentalisation of monetary and financial markets, the imposition of exchange controls and the development of financial innovations favored a rise of finance that directly challenges the traditional intermediation function of banks. (Adda, 1997b, p. 154)

Understanding the historical dynamics: How to configure the game between managers, engineers (stakeholders) and investors (shareholders)

To better understand how the transformations that occur in the productive capitalism can achieve social agents, or rather the professionals involved in this context Fligstein (1990) shows through a historical process as these changes have been occurring gradually within capitalist organizations. For this, the author points out how relations are established between the state, the organizational and social agents.

The author reports that the first competitive logic between the companies was given the "death" of the competitor, ie the purchase of competitor. Thus, the first company could control the market. This notion of control among competitors in the mid-nineteenth century can be explained by the fact that there were no rules for competitors and organizational fields nor stable. Thus, managers and competitors attacked its major competitors and there was only one way to protect your company; attacking other companies, or breaking down, and having to close their own business due to competition. Soon, three strategies were evident: predation, monopolization and cartelization.



In the early twentieth century some events in the United States begin to stop the aforementioned dynamics. The state will interfere in this process since they are placed in vogue calls from anti-trust laws. This in turn meant that the companies had limited control when changes in income tax laws referred buying other companies.

Faced to these new state laws (such as changes in income tax laws, etc.) the model of manufacturing described by Fligstein (1990) will be the one whose design control center will be the cost and whose agent Intermediary relationships within companies is the engineer. This design has the main control strategies for mergers increase the quotas of markets and oligopolies. Managers (engineers) and entrepreneurs try to attract suppliers and market functions for organizations. This actually protects them from predatory acts trying to break with its suppliers and customers. This process decreases the overall cost of production and allows firms to pass compete with larger firms.

In this sense, according to Zilbovicius (1999) the role of the engineer is to apply a scientifically valid method and knowledge to the concrete conditions for the production of goods and services. The engineer's job would take place through a process control and elimination of uncertainties and could be solved through a method. Thus, scientific management and production engineering have developed methods of applying hard science to the organization of production work.

Soon after, the second manufacturing model showing what the author will focus its concerns on the fundamental dynamics of sales. Right now companies are competing for the sale value and not at cost. The fundamental factors within this new business model are the innovations and sales (marketing). Within this process the agents who stand at the top of the company are the directors. These in turn have a social and cultural capital more enhanced.

Within this model, the main solution is to expand sales and follow a strategy not predatory turning to product quality and prices. Therefore, the expansion of national and international markets allows firms to continue growing without "cannibalizing" their competitors. Thus, differentiation between firms promotes safety in which a product line when missing, another company emerges to take its place.



In the 1970s with the emergence and strengthening of institutional investors, arises a new debate about the management and ownership. In this context, emerge a new agent within companies: institutional investors. (Useem 1999). In this context, the transfer of shares from individual institutions makes it possible for the takeover process, in other words, to assume the direction in which some companies these investors owned shares. Some events in the 1960s that gave support to investors were changes in the law and order of differentiation as many opportunities to invest in commercial and savings banks.

The first change "[...] allowed pension funds and insurance companies invest considerable proportions of their portfolios in stocks of companies. Such positioning of investors was heavily influenced by inflationary period, leading the funds to seek new forms of income to compensate their investors. "The second change was the moment that "[...] long-term investors seek returns compatible with other more profitable investments, such as short-term operations." (Fligstein, 1993 apud Donadone, 2004).

This enables investors making the process of mergers and acquisitions in North American companies and in the mid-1990s the privatization process in Brazil. At this time of restructuring within companies, reengineering and downsizing will be tools that will update the organizational dynamics. Within this new business model focus is always contemplate the interests of shareholders.

It is within this process of loss of power of managers and the transformation of their relationship with the company (which now starts from financial processes) is that we will reflect on the role of social actors in the organizational field. You can view the following situation: on one side is the financial view, surrounded by an individualism in which active agents seeking to maximize their investment and at the other pole are managers with their expectations grounded in bureaucracy, hierarchy and facing a more traditional running the company. At any given time, the form of power that resulted from a bureaucratic hierarchy begins to crumble. So arises the necessity to think the company financially and short term.

With cuts of functions and the process of outsourcing a large contingent of managers (possibly engineers) is moved from their old jobs. Therefore, they seek to



convert some strategies to be re-allocated in the labor market. (CHANDLER, 1999)
That is, within this process of organizational changes that we can see a strong change in career paths and professional insertion of numerous agents linked to the context of business, as is the case of "managers-engineers." In this sense, the scholar Roberto Grün expressed in words this important historical moment of transformation and restructuring of productive capitalism which in turn redirects some careers and professions:

"Managers loyal, large proselytes of the new creed, are being made redundant. Research sectors, not long ago considered the most strategic assets of the companies, are being phased out. Lines of authority firmly established, leaving a clear business routines and stabilized the expectations of members of the plant world, are being questioned. Relations grown long with the communities where they are established are also being revised, and so on." (GRUN, p. 122, 1999)

Shifting power structures established in the profession of "engineer manager": transformation of capitalist movements and the creation of new worlds

Show will be following the text as indicated displacement within capitalism itself correspond to a change of style from the traditional world, accompanied by a model of traditional family company to another world with a more modern business model that accompanies this modernity. Roberto Grun (1999) brings us a theoretical support contained all of the specifics of this historic moment remodeling cognitive systems of society as a whole.

The author notes that the more traditional model would be one that characterizes the company as a big family, a community where an individual stands in solidarity with one another, and where family relations are established by the trust and it is a more appropriate hierarchical (moment invokes domestic order) company. The second business model that emerges would be one where the main concern is the individual and where the most important concerns facing the surface are shareholder. That is, the internal relationships established within this new business model are similar to market

relations, where relations competitive, the best efficiency and the short-term gain is a quality attributed even personal relationships (when invoking an industrial order). In circumstances where it was the first legitimate business model (where organizations are consolidated into large and small firms) was the world of managers (managers of the revolution), these professionals marked his "reign" through competence and economic efficiency, were soon seen as major professional administrators.

After the moment of the "reign" of managers, crystallizes slowly the situation where capitalism begins to institutionalize. This moment is marked by the government of Margaret Thatcher and Reagan and a new way of thinking about the world. Grun (1999) adds to this political situation the data that are five factors responsible for the falling rates of profit in enterprise conglomerates in the United States and Britain that give rise to a "turnaround" in the world. We believe that the circumstances of these historical events coincide with the time of Fordist crisis.

The factors mentioned by the author are briefly: 1) a consumer movement protesting the quality of production and services companies. 2) the emergence of the environmental movement against rising industrial waste 3) The ethics distrust of large corporations in relation to society and internal relations organizations. 4) operations of the U.S. government on large corporations (requiring hygiene in enterprises, equality among staff, etc) 5) movements of unions in England with an anti-capitalist, demanding democratization of labor, business seats on chairs, etc..

It is at this point where several factors unfeasible business development for large corporations and also reach directly threaten capitalist competition is that directors and presidents of other companies (investors) start to occupy seats in large corporations to control this state of affairs characterized by excess condemnation of hierarchy within firms, where every social arrangement is not based on competition is banished, and where a pressure surge against bureaucracy, for after all what is sought is to extend the area of competition between individuals and to realize that this is done: "Always there remains a middle manager to be guilty by fats and excess bureaucracy" (GRUN, p.132, 1999)



Bureaucracy versus corporate governance: The Fall of a model of the world and the rise of a new world model

As we can see in the preceding paragraphs, the logic of the actions previously established within the Fordist era of coordination, inspection and evaluation and a space where reigned hierarchies and bureaucracy. This traditional organizational and bureaucratic logic can be well explained by the theory of Max Weber. The bureaucracy has important features that can lighten our understanding of the organizational situation at the time studied. She in turn puts professional work to replace an administration inherited the remarkable therefore assigns equal before the law and in a personal sense of detachment and functional privileges.

However, the process of bureaucratization occurs in line with capitalist interests, namely the placement of bank creditors who are now no longer have a contract specialist and only an advisory role, now have a controlling function and often occupy dominant roles . The main features of an official bureaucrat would: 1) make a formal exams to enter any position, 2) have a rigid training to fill his position, 3) neutrality, 4) be expert and have possession of diplomas.

According Fleigstein (2001) bureaucracy itself eliminate all practices that escape the calculation such as love, hate, and all personal and irrational elements. The logical imperative at this time (the bureaucracy), so will the logic of efficiency in this sense the underlying legal rational order to modern states where companies becomes legitimate authority. In this sense, companies, social workers and even the state promote rules and laws to ensure that rationality and efficiency within companies.

At the same time, Weber (1999) mention that despite this efficiency within companies, there is a political system that guides one's efficiency and behaviors of the actors themselves. Because of this fact we should not be forgotten that organizations function not only as tools but as instruments of power. Thus, we can say that what happened in the case of managers- engineers is the fact that these organizational actors seeking power for themselves at the expense of other social actors.

In that sense, the movement of corporate governance, namely the monitoring of managers by shareholders, organizations's owners where the first ones worked act to



oversee managerial practices since these actors imbued with a power and a certain hierarchy within the company put suspicion on their corporate practices.

Actually there is a mechanism of social control by those shareholders who put themselves in position panoptic (in the sense of the concept of Michel Foucault) watching the professional administrators of the company at any time can use their power to usurp the space hierarchical symbolic and material occupied by shareholders. Thus arises the principle of "good corporate governance" which is nothing more than a discussion about the efficiency of a type of capitalism that would be financial. In this sense our attempt would be to see the intricacies embedded within this social and economic agenda formatting in society.

Therefore, we refer to Granovetter (2007) when the author discusses the importance of social relations within the context of an economic agenda. We can observe this fact quite striking in the example of "good corporate governance". That is, within this mechanism are observed from the moment where the effectiveness of the internal hierarchy of companies is put in check due to some decisions, and personal or collective coalitions that go beyond economic efficiency. That is, individuals do not position themselves as atomized and passive people.

Reflecting this bias, J. Licolin (1982) states that ideally Weberian bureaucracy operates independently of collective actions that sometimes can be mobilized by internal interpersonal networks. Bureaucracy prescribe something fixed, in the other words, the protagonists are positioned without affecting the logic of organizational operations. It is precisely in this sense that Granovetter (2007) criticizes this theoretical position since condone the fact that power relations can not be ignored, in other words, it is doubtful that the complexity of relationships within a given social space, in case of companies to be resolved through assimilation of a single hierarchy, most of these complexities is solved through power relations.

According to Roberto Grun, "good governance" is imposed on social actors through institutional pressures. In this sense, the author points out that this ideological instrument was only possible in the United States from the 1980s where it was created an environment of popular outrage against the excesses of high salaries and benefits of



senior executives. That is, she emerges as a solution to problems related to the issue of seizure of power by some social actors in that country.

In Germany this movement turning to the use of "good corporate governance" was through the situation where the company was acquired by Mannesmann Vada phone company in 2000. In this process, managers, bankers, shareholders and even employees of these companies position themselves as tolerant of "good corporate governance". A compromise by the actors in this case occurs because there is a process of valuation of its shares after the takeover while the transactions of the company would be more transparent for those workers involved. At the same time this situation is paradoxical because it breaks with the traditional balance within these industries.

To better explain this process of "good corporate governance", it is worth mentioning that the role of managers (formerly the corporate governance process) in the companies was to have the social skills to deal with people with different interests to be a cooperation with the firm that eventually would generate a more reliable production of goods. However Weber (1999) also argues that actors who will direct organizations have their own interests, in other words, working for the production of power itself, so in the case of policy instruments organizational managers dictated by social actors (instrumented with corporate governance) going against logic is management's own "self", and rules will be established between managers and shareholders.

These attitudes, rules, policies taken within organizations eventually spread to other organizational spaces. In this sense we can rely on concepts of Meyer (1977) and assert that some elements of the formal structure of the companies when institutionalized function as myths. The author states that institutional myths define new domains and rational activities. These myths acquire legitimacy because it is supposed to be rationally legitimate. It appears, therefore a myth that management should be controlled and subsequently eliminated. The measure of efficiency, control and therefore will monitoration by their own elites financiers. The organizational leadership elites will be through this myth and thereby gain legitimacy, stability and resources.

In short, inspection and evaluation of environmental management will violate the assumption that all act through competence and good faith. Somehow it undermines



some ceremonial were already institutionalized within organizations and in place of these myths arise and other ceremonies that will conduct a financial elite to devote to organizations.

From the moment the previous hierarchy and bureaucracy directed the management is placed in suspension, managers are removed from their workspaces and a large contingent of managers (in Brazil mostly engineers) is the drift in search of other spaces employment and labor. As the logic dictated at the time is given by the financier elite, in other words, from the moment that these agents pose as leaders of the game itself and therefore this fact, legitimizes and empowers itself is a field that previously was restricted the large "lions" of the shares, the field of finance.

It is from this historical moment that these managers in the garb of "gnus", excluded from office will seek to enter into the logic of finance and their corresponding positions and occupations such as large multinational consultants, bankers, and others economic and financial positions.

It is believed that in this case the elimination of the managers of their respective positions, we can work with the idea of professional isomorphism or normative isomorphism DiMaggio (1983) to explain the adhesion and proliferation of professional conduct (this search for other occupations) in finance by these social actors. In this case the isomorphism for DiMaggio (1983) is the mechanism in which the professions or occupations are subject to coercion and mimetic pressures from other organizations. The author points out that this isomorphism created by professional activities can occur in two ways: first by formal education and by university specialists, secondly, by the growth of network relationships among professionals. So the career consultants, and leaders of major economic and financial concreteness may have gained from the possible consequences of the crisis management in global organizations and finally formats up by more vigorous educational isomorphism (from the search and struggle of/the distinction conceptualized by Pierre Bourdieu) and social networking (in the sense that conceptualizes Mark Granovetter).

Therefore we can say that the financial elites control the social system through their command positions and front organizations. Thus, create and recreate myths and



ceremonies that can drive professional conduct on behalf of their interests. In this case, the mechanisms of legitimation of large financial elite have opened doors for the creation of a "stratum" of leaders who before wore the skin of "gnus" when excluded from their social space and subsequently become the "hyenas" who will work to capitalism and the financier.

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