BRAZILIAN CONSULTING CARTOGRAPHY AND THE NEW RECONTEXTUALIZATION AND INTERNATIONALIZATION OF INTERCHANGES AND MANAGERIAL CONTENTS

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Abstract

The aim of this study is to investigate the social articulations which result in internationalization and the naturalization of their managerial contents, specially the influence of management financial logistic – financing – and corporate governance. The main focus of this research project is to investigate how the agents, specially the ones related to consulting, bring new economic internationalization to Brazil and fulfill all the needs to achieve it. Hence, this study contributes towards understanding the Brazilian consulting market development process, its trends, strategies, and relationship with other organizations, its main changes over the last decades, and its particularities in the Brazilian Sector.

Keywords: consulting, brazil, internationalization

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Introduction

The question of research is, together with an Brazilian consultants’ agents mapping, to understand how the consultants obtain their own social representations and the consulting services extent in the market, the competitors’ strengths and weaknesses, the consultants approaches, the forms of dispute in the market, their interdependence on the international consulting market, and how they relate with the sectors that interact directly with the consulting universe, mainly the companies managerial staff and those sectors related to the production and dissemination of organizational practices and concepts.

1.1. First analysis step: Brazilian consulting cartography

This study aims at contributing to understanding the Brazilian consulting market development process, trends, strategies, and relationship with other organizations based on three factors.

Firstly, focusing on the international consulting market to identify its characteristics, main changes over the last decades, and its particularities in the Brazilian Sector.44

Based on an agents mapping, the focus is to understand how the consultants obtain their own social representations and the consulting services extent in the market, the competitors’ strengths and weaknesses, the consultants approaches, the forms of dispute in the market, their interdependence on the international consulting market, and how they relate with the sectors that interact directly with the consulting universe, mainly the companies managerial staff and those sectors related to the production and dissemination of organizational practices and concepts.

Next, the focus is on the managerial and entrepreneurial recent changes. The objective is to investigate the role of managers in facing the organizational configurations and demands of the 80’s and a contrast with the ideas resulting from consulting. Thus, following that, it is important to consider the formulations of the concepts associated to the growing influence of the financial logistic on entrepreneurial management relating them to the consulting growth and strategies and the role of managers to face such circumstances. Hence, for a thorough recontextualization of these conditions and circumstances and their consequences on the Brazilian organizational process (sector), it is necessary to concentrate on the formulations, merging processes, and privatizations in the country in the last few years.

This study also aimed at discussing the strategies used to forward the managerial ideas and the sectors involved in this process focusing on consulting companies’ approaches and connection with related sectors, mainly the business media. Based on managerial new strategies, an investigation was
carried out in order to understand the relationship company-consulting.

Research methods

The research was conducted using Bourdieu’s concepts addressing not only the pre-constructed representation of the interviewees, but also the cognitive structure involved in their environment. The study focused on the understanding of how people lead their lives facing different situations sharing and relating with their surrounding environment besides questioning about the social issues that make them possible focusing on the relationship between social and mental structures and the world’s objective structure and the cognitive structures through which the former is fully understood (Bourdieu, 1991) 45.

Eighty semi-structured interviews were conducted focusing on the following:

1. The Brazilian market strategies and structure in order to indentify:
   - the major companies in the market;
   -sector diversities;
   -origin and reference sources;
   -relationship network;

2. The building of a legitimate network business and organizational news diffusion focusing on the relationship between consulting companies, business media, and academic institutions in order to indentify:
   - diffusion of managerial ideas and strategies in the last few years;
   -using consulting companies as audit and advice report sources;
   -relationship between consultants and financial and economic journalists;
   -establishing academic foundations and/or organizations through which faculty members can work as consultants;

3. The consultant/consulting firm relationship with the companies they work for in order to indentify:
   -consultants approaches in the companies;
   -managers/consultants relationship;
   -legitimating organizational aspects pointed out by consultants;

Firstly, twenty-five interviews were divided as follows: the first set focused on international recognition consulting firms and how they operate in the Brazilian market. The second set was based on a list of organizations in the national consulting sector concentrating on the prominent firms, unions and related professional associations.

Field work Second stage

Following this first exploratory stage and based on the data gathered on the theoretical aspects of the Brazilian consulting market, some special issues that stood out as consulting market influential factors were selected. This choice was based on Bourdieu’s ideas about social space and field concept. According to Bourdieu, the field consists of a set of objectives, historical relations between positions anchored in certain forms of power (or capital).

The field consists of a system of objective forces (just like a magnetic field). It is a relational configuration with a specific gravity, which is imposed to objects and agents that are part of it. The field is at the same time a space of conflict and competition just like a battle field, in which people fight to exert the monopoly of the varieties of capital and the power to impose conversion taxes between the authorities within the field of power.

This is the way to avoid been caught in the trap of preconceiving and take the field for granted and instead, search for the intrinsic conceptualization of the construction, i.e. the possibility of understanding the construction of the world, the strategies and social representation of the actors from their actions towards the others related to the question.

The option for this kind of research, aimed at providing elements that could be related to the interpretation and legitimacy of the interviewees’ answers investigating the logics of their justification. Hence, Douglas46, concepts were used in order to understand the managers and consultants formulations about the questions related to the managerial work and companies’ management techniques.

According to Henry47, opting for a research centered on the agents discourse would present three problems: the discourse could be outside the scope of the agent’s social properties; the overwhelming discourse, i.e. an attempt of overvaluing certain characteristics; use of clichés that would contribute too little towards the analysis.

Nevertheless, the Idea of field and consequently the formulation of habitus make it possible to solve those questions since the differences between the


duration and practices are not based on an absolute autonomy but on the interviewees’ own history and social position.

It is worth mentioning that the interviews, including their sequence, were carried out according to two simultaneous and complementary processes. The first one focused on a certain group until the interviews answers led to recurrent ideas about the influences and formulations of the specific consulting strategies. The second process, in which based on the sequence of the interviews the initial attitudes were reviewed and elaborated again, focused on the recontextualization of the relationship and the power of influence of the several groups previously chosen.

Based on the theoretical discussion above, in the selected groups, 55 interviews were conducted in order to include the several hierarchical positions, i.e., interviews were carried out in the several organizations of the chosen sub poles with people occupying positions ranging from the high profile organizations of the chosen sub poles with people occupying positions ranging from the high profile ones to the recent included in the consulting sector.

In two of the companies, a specific study was carried out focusing on answering the questions raised in this research through the interviews conducted throughout all levels of the organizational structure. In addition, a set of interviews conducted with students who were about to graduate and would likely occupy consulting positions, who are former interns, or had withdrawn from universities that founded companies in this sector.

To complement the analysis material, other interviews were conducted to collect information with people from different sectors but related to consulting such as members of professional associations, managers in charge of hiring services, former consultants as well as a literature search on this subject.

**Second analysis step: the new recontextualization and internationalization of interchanges and managerial contents**

The Brazilian entrepreneurial universe has been undergoing major changes in the last 20 years, becoming more complex, bigger, and gaining international recognition. Thus, the organizational management and properties’ structure have changed, so although each process should be investigated alone, they depend strictly on each other.

In both cases, there has been a considerable advance in “financing48”: internal companies’ management strategies are more and more based on worldwide organizational financial approaches, and enterprises are diversifying and managing financial assets portfolios49.

An important consequence is that well characterized financial assets are estimated and negotiated on a daily basis (or at least potentially) and their market value depends on their current and renewed reputation according to estimate experts and the media.

This change has introduced important effects on the managerial field and others, mainly those related to “production of sense”. The traditional distinction between producers of goods and producers of ideas weakens when the entrepreneurial field approaches the several sectors in which there are intellectual work and producers of symbolic goods. Hence, through the entrepreneurial universe, it is possible to visualize the field of power in Brazil50.

51.

**48** This theoretical construction contributes enormously to this study. Firstly, due to the issues related to need of transparency of the economic codifications as essential tools of power and influence of companies’ financial logistics. This means the ability of evaluating the companies’ performances. The consulting sector development has been based on reports about the financial health of the companies such as the Survey’s Bank. Fligstein (1990)’s theory about the development of the financial logistics was also useful since companies make use of financial analysis as a way to follow and evaluate the performance of acquisitions in non familiar sectors, which is also a characteristic of institution investors.


**51** As I tried to demonstrate, the different groups of actors who play the role as active businesspeople and modern intellectual people are actually competing with each other and respect each other through the partial recovering of production of sense already done by their rivals leading them to ones that are more convenient. That means, they are “on the same boat”. According to the business media, the success of consulting would improve their legitimacy as their mouthpiece in the “organizational news” media market allowing them to dare trying new launches. According to the managerial field, the ideas divulged by the business media and consulting have been new ways to face the managerial content changes and the companies shape in the last twenty years. In Donadone, J. C: Os hunos ja chegaram!": Dinâmica organizacional, difusão de conceitos gerenciais e atuação das consultorias. Março de 2002: A more recent evaluation of the phenomenon, based on the French case, and which can be easily generalized is in : J. Duval: “Concessions et conversions à l’Economie: le journalisme économique en France depuis les années 80”.

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48 Regarding this issue, A fact that deserves mentioning is the invaluable help of Professor Neil Fligstein for the course he taught and the innumerable meetings we held while I was visiting the University of California, Berkley, in 2002. It is also worth mentioning the contributions of my colleague, Dr. Roberto Grun, who is also a professor at the production department, at UFSCar and his works on this subject:
According to Bourdieu’s statement “allongement des circuits de légitimation”, our object became very sensitive to the development of other sectors, on which it is more and more interdependent. On one hand, there is the interface entrepreneurial field and the media (which has become quotidian), especially the business media, that establishes more complex relationships that could be called “investigation object” by those who seem unaware.

Therefore, the financiers who now focus more on working for manufacturers and commercial companies have made constant use of consulting.

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52 As theoretical support, I make use of my doctoral thesis research, cited earlier, in which I intend to investigate the international consulting market based on three steps: i) first of all, an analysis of the international consulting market to identify its characteristics, main changes over the last decades, and its particularities in the Brazilian Sector. Based on an agents mapping, the focus is to understand how the consultants obtain their own social representations and the consulting services extent in the market, the competitors’ strengths and weaknesses, the consultants approaches, the forms of dispute in the market, their interdependence on the international consulting market, and how they relate with the sectors that interact directly with the consulting universe, mainly the companies managerial staff and those sectors related to the production and dissemination of organizational practices and concepts. Next, the focus is on the managerial and entrepreneurial recent changes. The objective is to investigate the role of managers in facing the organizational configurations and demands of the 80’s and a contrast with the ideas resulting from consulting. Thus, following that, it is important to consider the formulizations of the concepts associated to the growing influence of the financial logistic on entrepreneurial management relating them to the consulting growth and strategies and the role of managers to face such circumstances. This study also aimed at discussing another element of the construction used in this research focusing on the strategies of the consulting company and their relationship with other sectors involved in this process focusing on consulting companies’ approaches and connection with related sectors, concentrating on the mainly the business media. Based on managerial new strategies, an investigation was carried out in order to understand the relationship company-consulting.

53 The most popular entrepreneurial thought focuses on the fact that consulting can be hired or fired any time with no residual direct costs while work contracts can have medium and long term consequences, so they can be called unforeseeable. This notion can result from the financial view that the companies should always be ready to be sold and the evaluation of contentious legislation issues and pension plan holders makes the company duties less clear compromising its Market liquidity. A sociological approach of the attempt to implement this idea outside the scope of the north American economic space, its origin, is presented by: Dezalay Y.: “Technological Warfare : The Battle to Control the Mergers and Acquisitions Market in Europe”, in Dezalay Y., Sugarman D. (eds), “Professional Competition and Professional Power”, Londres, Routledge, pp. 77-103

55 The contextualization differential spaces seem to be the key to an explanation. R. Cole said that in order to make the total quality methods, from Japan, work in other countries it is necessary to “reinvent the wheel”, quoting this expression creatively, highlighting the difference between the new entrepreneurial organizations and the old ones; see R. Cole: Strategies for learning: small-group activities in American, Japanese, and Swedish industry. University of California Press, Berkeley, 1989. According to the recent financial approach, we should not reinvent the wheel since it should work the same way no matter the environment. The new organizational approaches resulting from financing makes the
Brazilian initial consulting cartography

The international space

The first influential consulting companies considered in this study are the ones derived from the accounting firms and leaders in the global market. Analyzing the international consulting market leaders in the 90’s, all the following companies, Pricewaterhousecoopers, Arthur Andersen, Ernst & Young, KPMG e Deloitte Consulting, have offices in Brazil. They were established in the country at the end of the 50’s, following their clients’ moves and the American multinational companies which had been involved in the audit sector since the thirteenth century56.

Regarding Brazilian competitors, they are present in the high number of small consultancies. Two companies are commonly referred to due to their partnership, mainly in the process of privatization, and two universities due to advantages granted by the legislation 8.666(21/06/1993), in invitations for bid for consulting services to the public sector. Although the respondents were aware of the presence of such agents, their standing as competitors is weak as highlighted by one of the respondents: There are also the small consulting companies and universities that have become more apparent, but they are not considered competitors due to their kind of business”57.

Universities consulting

Another set of consulting that deserves attention is the Brazilian consulting field related to universities. Consultancy is carried out through an institution, for example, The Getúlio Vargas Foundation (GV Consulting) or services providing is done through an extension provided by the universities.

Its legitimacy basis is related to the academic knowledge of their professors-consultants. Two other factors corroborate to the development of this kind of consulting in Brazil. The first is related to the legislation 8666 which assures the priority to hire services conquered through invitations for bid. The second one is related to the academic proposals and logistics to deal with organizational aspects, it has made it easier for agents to become consultants.

Discussions about financing systems, their details, and universities activities legitimacy have become more frequent in public universities in Brazil. For example, the situation during the creation of at the Fundação de Desenvolvimento Gerencial which involved a dispute making the members of the fundação Cristiano Othone leave the Federal University of Minas Gerais and serious discussions between union faculty representative and other
entities of São Paulo University about proposals to end investigations of the use of the money in university foundations..

2. Brazilian Consulting Companies

Despite the poor statistics results on the consulting sector in Brazil, it can be said its legitimacy is based on the knowledge of specific characteristics of the institutions and the Brazilian market highlighting the fiscal aspects. Brazilian consulting has associated to international consulting in order to evaluate companies to be privatized providing them with knowledge of the Brazilian legislation.

It is also possible to identify a crescent number of former employees of privatized or multinational companies who have become consultants sometimes working for their former employers. They focus on specific knowledge and on relationships developed during the time they were working in the economic sector.

Another market that has been developing is SEBRAE - the Brazilian Service of Support for Micro and Small Enterprises - responsible for activities and resources made available for entrepreneurs and small business entrepreneurs, and the creation of consultant cooperatives that can be as big as 300-member cooperative with low educational, social, and cultural capital involved in the direct sale of small managerial strategies pack of a known technique to small businesses.

Although distant from the dominant pole of the Brazilian consulting field, represented by international consulting, the consulting cooperatives and SEBRAE activities demonstrate and support the consultant’s importance and the need of managerial strategy packs even in far away cities and small businesses.

![Initial Mapping of the Brazilian Consulting Space](image-url)

Where the axes represent:
- X: proximity/distance from academic centers
- Y: International Generality/legitimacy of the solutions proposed

Conclusion

In analyzing the organizational dynamic of the period, at first glance it is possible to establish connections that make it possible to understand the growth of the consulting sector. The process of reorganization associated with the new configurations of company control and emblematically represented by mergers and acquisitions and Brazilian privatization process opened up lots of room for consulting firm activity. To aid in understanding how the relationship between consulting firms and businesses takes place it is necessary to focus on the consultants’ functions. As a starting point, I refer to Coget’s (1999) theoretical formulations, according to which consulting firms’ activities are concentrated in three areas. The first is linked to the use of consultants in arbitrating internal and external company disputes to provide legitimacy.
for company actions. The second function is related to the capacity to produce and disseminate concepts about the business world. As a last characteristic, consultants are used in the implementation of organizational changes.

With regard to external arbitration, clashes among the new company “owners” provide a broad field for the use of consulting firms as a legitimate means to analyze the financial performance of companies. As an example there is the way the sale of state enterprises is structured. Consultants evaluate the companies, point out their problems and suggest buyers. In internal disputes it has become common to use consulting firms as weapons in the dispute to validate the performance of a certain unit or department in the face of other sectors of the company, principally with the growing focus on the “core processes” and the consequent sale or deactivation of unprofitable areas.

The issue of using the ideas coming from consulting firms, as well as consultants themselves in implementing organizational changes is at the heart of the restructurings. Managers seek to improve the performance of their units in an attempt to achieve the expected economic performance. In this way, they seek solutions that can help them with this objective. It is worth underlining that the search to legitimize actions and the implementation of organizational changes are intimately related, since the justification for the choices in many cases lends support to their implementation.

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