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EDITORIAL

The journal *Organizações & Sociedade* reaches 2019 publishing volume 26 and issue 88, entirely in English. To reach this point, the efforts and support were plenty. We are deeply indebted to Capes and CNPq for the funding granted in 2018, which was essential for the continuity of the basic activities of the journal. As always, we thank our reviewers, over 160 professionals, who have contributed to improve around 360 papers that were submitted in 2018. Notably in this issue, we would like to give special thanks to the authors who were willing to translate their papers into English, helping us to fulfill the demands of the data base where we are indexed.

Concerning this aspect, it is worth explaining that O&S understands that the publication of articles in the English language contributes to its process of internationalization, as it can then be read by people from all over the world who are interested in the themes covered herein. However, we understand that this practice is loaded with questions that trouble us, for instance: Is it fair to “force” the authors whose papers (written in Portuguese) are accepted to pay for the translation so that their papers can be published? Wouldn't our students, at undergraduate and graduate levels, face more difficulties having to read the texts in English? By following such course of action wouldn't we be privileging a pretense internationalization undermining a nationalization that has been conquered? Shouldn't our financing institutions allocate part of the resources of publishing grants for the translation of papers, as internationalization has been used as a precondition for these very resources to be granted? We face many other questions and concerns at this moment. For our journal, we believe that 2019 will be a decisive year considering that at present 99,9% of our resources come from public notices, partnerships, and a great deal of goodwill from our reviewers, authors and the editorial staff involved.

However, despite all that, we have some good news for this year. One of them is that our webpage is being totally restructured and we believe that by March you will encounter a neater, friendlier and more beautiful virtual environment. The other piece of news is that, as much as possible, our page will have a version in Portuguese, in html format, of the articles published in English. Our aim is to minimize the impact of the publications in English on the users who do not master the English language. But, it is worth pointing out that as a bilingual publication involves resources that O&S does not currently possess, the html files will not be reviewed nor formatted in accordance with the required layout, that being the sole responsibility of their authors.

Finally, O&S is seeking to enable *ahead of print* publications to minimize the negative impact of the long period authors have to wait so that their accepted papers are published

(which, in our case, is around one year). We believe that increasing the time articles are available on our site and databases means increasing the potential for downloads, reading and subsequent citations. This will be good for the author, the readers and, of course, O&S.

In this first edition of 2019, we will present the articles in the order they are published in this issue. In the first article, “Relationship between quality in accounting information and organizational characteristics of the third sector entities”, written by Fernando M. Ramos and Roberto Carlos Klann, the relationship between the quality of accounting information and the organizational characteristics of third sector entities is evaluated. The authors worked with a probabilistic sample comprised of 392 entities and concluded that non-profit organizations and regulatory bodies need to improve the process of disclosing accounting information, both in terms of decision making and accountability.

In the second article, entitled “Between the Conceived and the Lived, the Practiced: the Crossing of Spaces at the Arts and Crafts Fair of Namorados Square in Vitória / ES, Brazil”, by Fabiana Florio Domingues, Leticia Dias Fantinel and Marina Dantas de Figueiredo, the authors sought to understand the way the organizational space at the Arts and Crafts Fair in the Namorados Square in the city of Vitória (state of Espírito Santo), is constituted in the intertwinement of uses that different subjects elaborate for the urban space. The ethnographic data were examined under the light of categories that articulate theoretical propositions from the authors Henri Lefebvre and Michel de Certeau. The results indicate that the organization of the fair is composed by provisional practices, whose existence is permeated by manifestations of power, resistance and conflict, emerging from the daily life of the subjects.

In the third article, elaborated by Sueli Menelau, Luiz Akutsu, Antônio Isidro-Filho and Antônio Sérgio Araújo Fernandes, “Strategic Resonance and Innovation in Public Security Services in Brazil”, the aim was to test, through the construction of two scales, an exploratory contribution of a model of the relationship between strategic resonance (ER) and innovation in public security services (IPSS). The object of analysis was the Community Security Stations (CSSs) of the Federal District Military Police (FDMP). The results reveal that, in that context, the CSSs are an innovation in public security services which indicate that policing is linked to the interactions between the population and the Federal Police, in a relationship that is composed by the human, structural and operational characteristics of the service in question.

The fourth article, written by Paulo Ricardo Zilio Abdala and Maria Ceci Misoczky, is named “The Brazilian new middle class stratagem: dialectics of consumption and overexploitation of labour renewal”. The argument put forth by the authors is that the idea of the emergence of a New Middle Class in Brazil was a stratagem for the organization of a positive agenda with transitory social consensus. In order to develop this idea, the authors use the theory of social class to discuss the theory of stratification. Besides that, the researchers also articulate authors from the Brazilian Social Thought, such as Álvaro Vieira Pinto and Ruy Mauro Marini, focusing on notions as consumption, social classes, work and production, showing that the expansion of consumption, the basis of the new middle class stratagem, leads to a temporary change in people’s life conditions at the expense of deepening the overexploitation of labor.

The fifth article, “Bernard Lonergan and Alberto Guerreiro Ramos: Dialogues between the existential subject and the parenthetical man”, by Laís Silveira Santos, Mauricio C. Serafim and Daniel Moraes Pinheiro, presents a dialogue between Bernard Lonergan, who addressed the topic of human action and ethics, and Alberto Guerreiro Ramos, who created the concept of the parenthetical man, defined as a rational being par excellence in his/her substantive dimension. The authors identified that a similar comprehension of the world and human relations underlies the thought of both authors; they then highlight the question of the critical awareness of the parenthetical man and the consciousness of responsibility of the existential subject.

In the sixth article, written by Ivan Filipe de Almeida Lopes Fernandes and Gustavo Andrey de Almeida Lopes Fernandes, titled “Economic voting in Brazilian presidential elections: evidence with panel data from municipalities in São Paulo”, a new data panel of 625 Brazilian municipalities over 5 election years is used to analyze the influence of the local level economic performance on the proportion of votes obtained by the incumbent candidate in national elections. The results suggest that the performance of the local economy is relevant in national elections. Besides that, the results also indicate that the mayors play an important role in national elections in terms of influencing votes that are favorable to the coalition in power.

The seventh article, “Pace of modal shifts in internationalization processes within a firm”, by Kátia de Melo Galdino, Sérgio Fernando Loureiro Rezende and Bruce T. Lamont, brings a research of qualitative nature and with a longitudinal perspective, namely a case study case, of the internationalization of a Brazilian medium-sized firm that established a footprint in 16 foreign markets over the period of nearly three decades. They concluded that the processes of internationalization can be classified in three groups, according to pace: an Unmovable Internationalization Process, an Inert Internationalization Process and an Accelerated Internationalization Process. The authors suggest that, in the same process there are several internationalization processes that unfold in distinct paces within the same firm.

The last article, entitled “Merde! Teachings from Russian Art to Organizational Learning”, authored by Rodrigo Robinson and Márcio Pascoal Cassandre, establishes a connection between the concepts and practices of Russian Art and Organizational Learning (OL), considering the human being in his entirety, i.e., as a spiritual being. Departing from Vygotsky’s ideas on Double Stimulation and the method of Ascending from the Abstract to the Concrete, used in the Cultural-Historical Activity Theory (CHAT), the authors correlate the potential of Art in stimulating and developing man’s learning as a spiritual being with OL. Art offers the possibility of awakening a spiritual force that can move man and “awaken” him to his role of agency, transforming his life and his reality.

We hope you enjoy reading this issue.

Ariadne Scalfoni Rigo

Editor-in-chief

RELATIONSHIP BETWEEN QUALITY IN ACCOUNTING INFORMATION AND ORGANIZATIONAL CHARACTERISTICS OF THE THIRD SECTOR ENTITIES

Relação entre a qualidade da informação contábil e as características organizacionais das entidades do terceiro setor

Fernando M. Ramos*
Roberto Carlos Klann**

ABSTRACT

This study intends to evaluate the relationship between the quality in accounting information and the organizational characteristics of Third Sector entities. The methodology is designed to follow a descriptive, documental and quantitative approach. The universe of the study is composed of Third Sector organizations, formally constituted in the Brazilian scenario. The target population has included organizations with OSCIP and UPF specifications. The 18,553 entities, which existed during the study, were investigated. The research used a probabilistic sample of 392 entities. The results indicate a predominance of the institutions established under the legal form of association. As for the size, the foundations are the larger ones. Regarding the quality of accounting information, we have identified a lower reported information quality index, when compared to the second sector. Finally, the results showed that the organizational characteristics of size, creation time and qualification as OSCIP have significant and positive influence on the quality of accounting information of the entities that we analyzed. This led to the conclusion that the non-profit organizations and regulatory organs need to make improvements regarding the accounting information reporting process, as well as the awareness of the importance of these reports for the decision-making process and public accountability. This study contributes to the discussion about the characteristics of the third sector organizations that relate with the quality of the accounting information reported by these institutions in the Brazilian scenario. It is the first study that analyzed this relationship in Brazil.

Keywords: Quality in Accounting Information. Third Sector. Accountability. Accounting in the Third Sector.

RESUMO

Esse estudo teve por objetivo avaliar a relação entre a qualidade da informação contábil e as características organizacionais das entidades do Terceiro Setor. Quanto ao delineamento metodológico, caracteriza-se como descritivo, documental e com abordagem quantitativa. O universo de estudo é composto pelas organizações do Terceiro Setor formalmente constituídas no cenário brasileiro. Como população-alvo definiu-se as organizações com qualificação de OSCIPS e UPF, que no momento da realização do estudo, totalizavam 18.553. Trabalhou-se com uma amostra probabilística de 392 entidades. Os resultados apontam uma predominância de instituições constituídas sob a forma legal de associação. Quanto ao tamanho, as fundações apresentam-se maiores. No que tange à qualidade da informação contábil, identificou-se um baixo índice de qualidade da informação reportada se comparada ao Segundo Setor. Por fim, os resultados apontaram que as características organizacionais de tamanho, tempo de constituição e qualificação como OSCIP possuem influência significativa e positiva sobre a qualidade da informação contábil das entidades analisadas. Conclui-se que as organizações sem fins lucrativos e órgãos reguladores precisam evoluir no processo de reporte da informação contábil, bem como na conscientização da importância desses relatórios para o processo de tomada de decisão e de prestação de contas públicas.

Palavras-chave: Qualidade da Informação Contábil. Terceiro Setor. Prestação de Contas. Contabilidade no Terceiro Setor.

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1. INTRODUCTION

With the changes in the prospects of research in accounting, in the mid-1980s, researchers began investigating accounting and the usefulness of accounting information in the context of non-profit organizations (CRUZ, 2010). The precursors of the research in the area are Weisbrod and Dominguez (1986), Tinkelman (1997) and Greenlee and Brown (1999).

The literature points to the accounting and financial reports as a communication tool between third sector organizations and stakeholders. A study by Falconer and Vilela (2001) showed that few third sector entities have published their financial reports with their guidelines for the management of the funds received. Cruz (2010) stresses that, within the national scenario, the research on accounting information quality of these entities is still little explored, since regulatory and disclosure issues are still precarious.

Several studies (BARTH; BEAVER; LANDSMAN, 2001; DECHOW; DICHEV, 2002; BARTH; LANDSMAN; LANG, 2008; LEE; MASULIS, 2009, MURCIA; SANTOS, 2009; ALMEIDA, 2010; LIMA, 2010; BEHN; DeVRIES; LIN, 2010; SAXTON; KUO; HO, 2011; CANG; CHU; LIN, 2014), show that factors such as size, time of creation, performance area, auditing firm and other characteristics may be related to the quality of accounting information that is generated and their disclosure. Thus, considering the paucity of studies in this area and the importance of disseminating quality information by the third sector entities, this research is concerned with the following issues: what is the relationship between the quality of accounting information disclosed and the characteristics of the third sector Brazilian entities? In order to answer that question, the researchers had as an objective to evaluate the relationship between the quality of accounting information disclosed and the characteristics of the third sector Brazilian entities.

In theory, this study, in addition to discussing the quality of accounting information, which is already widely studied in scientific circles, aims at addressing the phenomenon in a field which is not very explored. There are few studies on the third sector in Brazil and Latin America (CRUZ, 2010; SOARES, 2017). This demonstrates the originality of our research. In this context, the discussion about the third sector also becomes a contribution to understanding the determinants of the quality of financial reports in this research field.

The originality of the study consists in the investigation of the organizational characteristics related to the quality of the accounting information reported by the entities of the Brazilian third sector. This study is innovative, because it was the first study that analyzed this relationship in Brazil.

In the social sphere, to investigate third sector entities is of paramount importance due to the relevance of these organizations in the economic and social environment. To investigate the quality of accounting information of a non-profit organization is important for publicly traded entities. A large group of stakeholders, such as donors, government, society, employees, managers, suppliers and users are both concerned and desirous of having information about the entity's earnings. This investigation aims an understanding of their economic and financial performance.

2. THEORETICAL REFERENCES AND DEVELOPMENT OF ASSUMPTIONS

Accounting, through its reports, should provide data and information that are useful for the decision processes, both internal and external to the organization, and it should also be reliable and provide the entity's actual numbers (MOST, 1977; IMHOF JR., 1992; HENDRIKSEN; VAN BREDA, 1999). Accounting information has quality when it is useful to both internal and external users of the organization, regardless of the expertise of those users (MOST, 1977). According to CPC 00 (CFC, 2012), the purpose of the accounting reports, in general, is to provide financial and accounting information about entities that are useful to current and potential investors of organizations, as well as creditors in general.

Hendriksen and Van Breda (1999) point out that besides being reliable, the information generated by accounting must be useful. Regarding the usefulness of accounting information, the Accounting Pronouncements Committee (CPC), through Technical Pronouncement CPC 00 (CFC, 2012, p.16), states that "if financial accounting information is to be useful, it must be relevant and represent with confidence what it proposes to represent. The usefulness of financial accounting information is increased, when it is comparable, verifiable, timely and understandable.

Barth, Beaver and Landsman (2001) and Barth *et al.* (2007) point out three important aspects of the quality of accounting information on entities. The first one refers to the fact that financial reports are prepared based on accounting standards that aim to faithfully represent the economic and financial situation of an organization. As a second aspect, compliance with standards adequately minimizes opportunistic and management actions. Third, the authors indicate that a better quality of accounting information is a reflection of less opportunistic errors in estimating the gains. Thus, these three aspects elevate accounting information to a higher level of quality, making it more relevant and useful to its users (LANG; RAEDY; YETMAN, 2003; LANG; RAEDY; WILSON, 2006; BARTH *et al.*, 2007; BARTH; LANDSMAN; LANG, 2008).

However, for the accounting information of these entities to be relevant in the decision-making process, it should contain the following key quality characteristics of improvement: relevance, materiality, faithful representation, comparability, verifiability, timeliness and understandability (FASB, 2010; CFC, 2012). All qualitative features aim to provide useful information to users of accounting information. The useful accounting information is able to provide evidence to users that they are helpful in the decision-making process.

The main objective of financial statements within the third sector organizations is to provide information that meets the interests of external users. These are: (i) a mechanism that is able to provide information on the efficiency and effectiveness of services provided by these organizations; (ii) an assessment tool for the managers of the organizations; and (iii) suppliers of information to social investors, creditors and others about the prospects for cash flow and performance evaluation of these entities (FALK, 1992; KEATING; FRUMKIN, 2003; PARSONS, 2007; BEHN; DeVRIES; LIN, 2010; FASB, 2010; BEISLAND; MERSLAND, 2013).

Within the third sector, accounting financial reports should be seen from an accountability perspective, that is, as a tool to provide management accounts in relation to the

funds obtained (FALK, 1992; KEATING; FRUMKIN, 2003; HAGER; POLLACK; RONNEY, 2001). These organizations have many stakeholders. They work both on the economic and financial aspects and on the quality of services and products offered. They also function to assure sustainability and operational continuity of these entities (BEISLAND; MERSLAND, 2013). Thus, it is of paramount importance that the accounting information provided be useful.

Studies analyzing the determinants of information quality of accounting point out that there is a relationship (positive/negative) between the characteristics of organizations both with a higher level of quality of accounting information and with the level of disclosure of the entities, in the context of private companies and non-profit organizations.

Studies on financial market entities demonstrate the existence of a relationship between the size and the level of accounting information quality and the level of disclosure (BALL; FOSTER, 1982; LANG; LUNDHOLM, 1993; BHOJARAJ; BLACCONIERE; D'SOUZA, 2004; DECHOW; GE; SCHARAND, 2010; HOLANDA *et al.*, 2012; BRANDÃO *et al.*, 2013). These studies show that larger organizations require greater level of control and, hence, better financial information. On the other hand, smaller organizations are more prone to deficiency in its internal controls. This aspect may cause the financial statements to not fairly reflect the economic and financial situation of the organizations (DOYLE; GE; McVAY, 2007; DECHOW; GE; SCHARAND, 2010).

Another strand, dedicated to non-profit organizations, points out that the size of the organizations also refers to the reputation of these entities. Larger organizations feel the need for professional management. Thus, the clear definition of its objectives, policies, procedures and actions that lead to the achievement of their social intentions, make the financial reports relevant for the analysis of stakeholders in these organizations. Moreover, these institutions are exposed to greater social and political pressure from its users (TRUSSEL; PARSONS, 2007; JEGERS, 2008; KITCHING, 2009; CRUZ, 2010). Within larger institutions, the costs of preparing financial information are easier to support (MURCIA; SANTOS, 2009). Based on these studies, we propose our first research hypothesis:

H1 - The quality of accounting information is positively related to the size of the third sector entities.

The time of constitution of entities, that also it can be called the age, is pointed as a reputation feature. This feature brings the connotation that the older the entities, the more experienced they are (CRUZ, 2010). Beisland and Mersland (2013) state that the time of constitution of organizations may affect the quality of accounting information, given that, over time, organizations will adopt practices and mechanisms leading to higher level of professionalism, ensuring that accounting reports are most useful to their users.

Thus, we have the second hypothesis of the study:

H2 - There is a positive relationship between the quality of accounting information and the time of constitution of the entities under analysis.

The audit has as its primary function the examination of accounting records, ensuring the reliability of data provided by the entities. The completion of the audit ensures that the published financial statements are reliable, and faithfully represent both the equity and economic situation of the organizations. It also discloses the reliability of internal controls of an entity, thus ensuring higher quality of reported financial information (CARDOZO, 1989; POWER, 2003; JEGERS, 2008; PUYVELD *et al.*, 2012). These authors argue that the audit of the financial statements of non-profit organizations ensures the highest level of reliability of financial data, making the accounting reports more reliable than those reports of the entities that are not audited by external auditors.

From that, we draw the third hypothesis of this research:

H3 - Non-profit organizations having external audits show higher level of quality of accounting information.

From the data collected through the survey and subsequent application of statistical techniques, one can accept or refute the above hypotheses. As for H1, we infer that the size of the entities influences the process of preparing the financial information and of improving the level of disclosure of information. This means that larger organizations tend to disclose more information than smaller ones, resulting in higher quality of the reported accounting information. Similarly, H2 would show that the time of an incorporation, that is, the experience of the entity, influences the disclosure level, which means that experienced entities have a tendency to have better quality score of accounting information. Regarding H3, it appears that audited non-profit organizations are inclined to have a higher level of disclosure and, thereby, the conduction of independent audit of the financial statements of non-profit organizations influence a higher level of the quality accounting information.

3. METHODOLOGICAL DESIGN

This research is defined as descriptive. It initially aims at assessing the quality of accounting information of Brazilian non-profit organizations. It later relates them to the characteristics of these entities. This is a documental research, in which, the financial statements and other financial reports are available for review.

The research also classifies itself as quantitative. It uses probabilistic methods in order to define the sample to be analyzed. It employs univariate statistical methods (average, minimum, maximum, standard deviation, Pearson correlation) in the analysis of the characteristics of the entities. Besides, it also uses multivariate ones (multiple linear regression) in order to analyze the influence of the characteristics of the entities of the third sector on the quality of accounting information.

3.1. POPULATION AND SAMPLE

The study's population consists of the third sector organizations officially incorporated in Brazil. These entities have certain characteristics in common. For instance, they

pertain to the realization of this study and are consistent with the recommendations in the literature (SALAMON; ANHEIER, 1997). Due to the low rate of publication of the financial statements by the entities that make up the universe of this research, it was necessary to define the target population. Here, the total of qualified entities includes Organization of Civil Society of Public Interest – OSCIP and Federal Public Utility – UPF, which totaled 18,553 Brazilian institutions in October 2013. OSCIP and UPF are classified as targeted study, since they are required to both achieve accountability and present their financial statements to CNEs/MJ (National Registry of Public Utility Entities/ Justice Ministry).

After the population of the study is known, the definition of the sample to be analyzed is required. For Freitas *et al.* (2000), the best sample of a survey is representative of a population or a model of it. Thus, the sample of this study is probabilistic and randomly selected. For the sampling plan, we departed from the target population of 18,553 Brazilian institutions, with a degree of reliability of 95%, which reaches a sample of 392 non-profit institutions.

The period of data collection and analysis is limited to the year 2012, because, at the time of the collection of data, the 2013 financial statements of entities registered with the CNE's public had not been published yet. In addition, the use of previous years is limited because there is no regularity of the financial statements by the entities of the third sector to the Ministry of Justice.

3.2. COLLECTION AND ANALYSIS OF DATA

The data collection for this study occurred in two stages. The first one captured the variables used to characterize the institutions. The second collected the financial statements for measuring the quality index of financial information of the entities in the sample. Table 1 shows the variables used within their operation, classification, location and the database used.

In order to measure the accounting information quality index of the Brazilian third sector entities analyzed, we used a checklist of items that was built from the General Technical Interpretation (ITG-2002) and ITG 1000. The research instrument used consists of 59 analysis criteria, subdivided into seven sections, aiming at capturing the level of disclosure of these entities. This check-list has already been used in a study by Ramos and Klann (2015).

In this research, the data collected are secondary because they are collected from financial statements presented on the website of CNEs/MJ, the Federal Revenue of Brazil and the entities themselves. Although the database CNEs/MJ is relatively new, it is unique on the national scene, as it defines itself as a disclosure mechanism of accounting information of third sector organizations in Brazil (CRUZ, 2010). Data analysis was performed in three steps, using both univariate and multivariate statistical techniques. The first step consisted in the characterization of the institutions by means of descriptive statistical measures, such as average, minimum, maximum and standard deviation of the following characteristics: size, area of operation, creation time, audited organizations, legal form and the kind of certificate obtained. In the second moment, the quality of accounting information of these

entities was evaluated through the disclosure index, resulting in an indicator, also analyzed by means of descriptive statistics.

Table 1 - Variables Used

| Variables | | Operationalization | Rating | Localization | DataBase |
|--|---------------------|---|-------------------|---|----------------------------|
| Quality of Accounting Information Index (IQIC) | | Check-list with 59 questions showing information in the financial statement of the entities, with binary answer, assigning 1 to highlighted items and 0 to non highlighted items. | Dependent | Accounting Statements | CNEs/MJ |
| Size (logTAM) | | Size = log of Total Assets | Independent | National Registry of Legal Entities. Report CNEs/MJ | CNEs/MJ |
| Constitution Time (logTCONST) | | Age = log of the difference between the current year and the date of the foundation. | | | Bureau of Internal Revenue |
| Audit (AUD) | | AUD = (1) Audited; (0) Non-audited | | | CNEs/MJ |
| Legal Form (FORML) | Association (ASSOC) | ASSOC = (1) Association; (0) Foundation | Control Variables | | Bureau of Internal Revenue |
| | Foundation (FUND) | FUND = (1) Foundation; (0) Association | | | Bureau of Internal Revenue |
| Certification (CERT) | OSCIP (OSCIP) | OSCIP = (1) OSCIP; (0) Other | | Bureau of Internal Revenue | |
| | UPF(UPF) | UPF = (1) UPF; (0) Othera | | | |

Source: Developed by the author (2014).

Both the third and the final stages tested the hypotheses of the research, from the Pearson correlation and multiple linear regression technique. In order to test the hypotheses of this research, the statistical tests of Pearson's Correlation and Multiple Linear Regression were used. Pearson's correlation test identifies the relationship between the quality of accounting information and the size, time of incorporation, audit performance in the financial statements, as well as the type of certification and the legal form of the entities. The multiple linear regression test allows to analyze the influence of these characteristics on the IQIC.

To analyze the influence of the characteristics in the IQIC, a multiple linear regression model is suggested, in which the IQIC is the dependent variable, and the variables logTAM, logTCONST and AUD are independent or predictive variables. It should be observed that for the TAM and TCONST variables, the logarithms of the values were used for data normalization purposes. The legal form of constitution and the title of these entities are used only as control variables.

For that, the achievement of the assumptions regression testing was required. In order to identify the normality of the data, the Kolmogorov-Smirnov test was performed; for the analysis of multicollinearity, the test *Variable Inflator Factor* (VIF) was applied; for the

analysis of homoscedasticity, Levene's test was used; the autocorrelation of residues through the Durbin-Watson test was also analyzed.

In order to conduct the multiple linear regression, an econometrist model was designed. The proposed model considers logTAM, logTCONST, AUD, ASSOC, FUND, OSCIP, UPF as IQIC predicting variables. Then, the following regression equation was used:

$$IQIC = \beta_1 * \log TAM + \beta_2 * \log TCONST + \beta_3 * AUD + \beta_4 * ASSOC + \beta_5 * OSCIP + \varepsilon \quad (1)$$

4. DISCUSSION AND ANALYSIS OF RESULTS

4.1 CHARACTERIZATION OF THIRD SECTOR ENTITIES

All non-profit organizations analyzed in this research are composed of 91.84% of entities, included in legal terms as associations, and 8.16% as foundations. These data indicate a legal characterization of the disparity among these entities, which is consistent with the reality of the universe of third sector entities. Other studies such as Silva *et al.* (2011), suggest a tendency of organizations to be established as associations instead of foundations, due to two aspects: (i) first, this form of institutionalization costs less, it is simple and does not have so many rules as the foundations; (ii) finally, there is no need for asset allocation.

As we showed above, the organizations are qualified as OSCIP or UPF. Thus, we found that approximately 52% of the organizations incorporated as associations are qualified as OSCIP. This certification predominates, while only about 48% of the associations qualify themselves as UPF. However, when the context of the foundations is considered, the situation becomes reversed, i.e., only 31.25% hold the title of OSCIP, while 68.75% are classified as UPF.

Table 2 shows the descriptive statistics about the size of the associations and the private foundations analyzed, measured through the total assets of the organizations.

Table 2 - Size of the Organizations

| | Global | Association | Foundation |
|--------------------|----------------|----------------|----------------|
| Minimum | 6.61 | 6.61 | 1,299.00 |
| Maximum | 638,936,140.24 | 638,936,140.24 | 106,902,623.00 |
| Average | 5,974,072.52 | 5,585,962.41 | 10,340,311.18 |
| Median | 275,753.62 | 259,248.65 | 679,298.65 |
| Standard Deviation | 36,136,765.24 | 38,490,169.69 | 24,118,913.78 |

Source: Research Data (2014).

Table 2 shows that the entity's greatest asset is established as an association, with total assets of R\$ 638.936.140,24, while the largest foundation has assets of R\$ 106.902.623,00. It is also observed that the average total assets of the entities is R\$ 5.974.072,52. This average is similar to that found among associations. However, in

the context of the foundations, it is R\$ 10.340.311,18. The fact that the foundations show themselves larger is perhaps linked to the founders' need to integrate the patrimony at the time of setting up these organizations.

Besides the size, the time of creation of the organizations has also been described in the literature as related to organizational reputation. Regarding the constitution of time, authors such as Doyle, Ge and McVay (2007), and Beisland and Mersland (2013) suggest that the greatest operating time of an entity leads it to draw conclusions from situations previously experienced. This leads to the acquisition of experience and development of internal controls.

Table 3 shows the number of entities by constitution-time group.

Table 3 - Rating regarding time of constitution

| Age | Association | | Foundation | | Total | |
|---------------------|-------------|-------|------------|-------|-------|-------|
| | N | % | N | % | N | % |
| From 0 to 10 years | 115 | 31.94 | 5 | 15.63 | 120 | 30.61 |
| From 11 to 20 years | 128 | 35.56 | 13 | 40.63 | 141 | 35.97 |
| From 21 to 30 years | 66 | 18.34 | 9 | 28.12 | 75 | 19.14 |
| From 31 to 40 years | 26 | 7.22 | 2 | 6.25 | 28 | 7.14 |
| Over 40 years | 25 | 6.94 | 3 | 9.37 | 28 | 7.14 |
| Total | 360 | 100 | 32 | 100 | 392 | 100 |

Source: Research Data (2014).

According to Table 3, most of the entities have the constitution time between 11 to 20 years, corresponding to 36% of the analyzed entities. The entities between 0 to 10 years show a percentage of 30.6% stake. This information is consistent with those data presented by the census conducted by IBGE (2012), according to FASFIL. The data show that 51% of the entities were created between the years 1991-2005.

Based on what was recommended in the study by IBGE (2012), in addition to the data obtained in this study, one can possess two observations about this sector in Brazil: (i) firstly, there was an expansion of the entities in the last two decades, since its presence in previous decades is smaller; finally, (ii) one may be experiencing a difficulty in sustaining these institutions over the years.

Nonprofit organizations, regardless of the operating area, must meet the demands from their users to generate reliable accounting and financial reports. Regarding this, the audit is an instrument to ensure the reliability of disclosed reports. Among the analyzed entities, it was identified that only 38.38% of organizations reported conduct independent audit of its financial statements, representing 13 foundations and 139 associations. An additional information is the number of entities that perform the audit. They are 40.13% of qualified entities as OSCIP, and 59.87% as UPFs.

After the analysis of the variables that account for the characterization of the entities that make up the sample, the analysis of the quality of accounting information of nonprofit Brazilian organizations is presented through the disclosure level.

4.2 QUALITY SCORE OF ACCOUNTING INFORMATION

The accounting disclosure in the context of non-profit organizations is very important because it is through accounting reports that the entities may account for and disclose important information on their economic, financial and operating situation. Table 4 shows the descriptive statistics about the quality index of accounting information of entities, which was determined after the analysis of the disclosure of the items was analyzed.

Table 4 - Descriptive Statistics of the Accounting Information Quality Index

| Panel A – Descriptive Statistics IQIC | | | | |
|--|----------------|----------------|----------------|---------------------------|
| | Average | Minimum | Maximum | Standard Deviation |
| IQIC | 32.4% | 10% | 54% | 7.94% |
| Panel B – Descriptive Statistics of IQIC by Practice Area | | | | |
| | Average | Mínimum | Maximum | Standard Deviation |
| Social Assistance | 32% | 15% | 47% | 7% |
| Culture | 31% | 10% | 54% | 10% |
| Development and Defense of Rights | 33% | 10% | 53% | 9% |
| Education | 33% | 10% | 47% | 7% |
| Housing | 34% | 34% | 34% | - |
| Environment and Animal Protection | 31% | 12% | 49% | 11% |
| Religion | 34% | 24% | 42% | 9% |
| Health | 34% | 22% | 51% | 6% |
| Panel C – Descriptive Statistics of IQIC by Legal Form | | | | |
| | Average | Minimum | Maximum | Standard Deviation |
| Association | 32% | 10% | 54% | 8% |
| Foundation | 35% | 10% | 46% | 7% |
| Panel D – Descriptive Statistics of IQIC by Qualification | | | | |
| | Average | Minimum | Maximum | Standard Deviation |
| OSCIP | 30% | 10% | 51% | 8% |
| UPF | 35% | 20% | 54% | 7% |

Source: Research Data (2014).

The analysis of the accounting information quality index (IQIC) identifies a worrying situation. This has to do with the fact that the highest level found was 54%. This means that entities disclose only slightly more than half of the items required by regulatory bodies entities. Compared with studies such as those by Lima (2010) and Gabriel and Silveira (2011), which also used a disclosure index to measure the quality of accounting information with non-profit entities, it can be said that the information quality accounting of non-profit Brazilian entities falls short.

The average disclosure determined in this study was 32.40% and the minimum was 10%. However, studies by Lima (2010) and Gabriel and Silveira (2011) on the financial market have demonstrated average indexes of 64.82% and 67.17%, respectively. The lowest rates of disclosure in these studies were 62.62% and 29.17%, respectively. These data indicate that the third sector entities have lower IQIC when compared to the entities of the second sector.

When we analyzed IQIC by area of activity, it was found that only three areas of entities had index higher than 50% of the analyzed items. These are Culture (54%), Development and Defense of Rights (53%) and Health (51%). The areas Housing and Religion had the lowest rates. This difference perhaps is linked to the fact that usually entities associated with the promotion of culture are related to the edicts of fostering culture, which leads them to the fulfillment of specific rules and the accountability of funds to specific organs.

Through the analysis of the data classified according to the legal form of the entities, one can understand that the foundations have disclosure level slightly higher than the associations, with average rate of disclosure of 35% against 32% of the associations. This result is plausible, since the foundations are run by stricter rules than the associations. The foundations are made of a public deed, called Statute. They must obtain operating permits from the Public Ministry (MP) and should report annually to the state headquarters of the MP. They must also report any changes related to their operational and financial aspects. It is worth remembering that the obligation to provide annual accounts is determined both by art. 66 of the Civil Code and the sanction of normative acts, which are prescribed by the MP of each Brazilian state.

Overall, the indexes show a low level of accounting information quality for Brazilian entities. 98.72% of the investigated entities showed less than 50% of the items that should be disclosed, determined by accounting standards as required for accounting information. This report is useful in the decision-making process of social investors, creditors, managers, government and other stakeholders in these entities.

4.3 RELATIONSHIP BETWEEN THE QUALITY OF ACCOUNTING INFORMATION AND ORGANIZATIONAL CHARACTERISTICS

As the main focus of this study is to evaluate the relationship between organizational characteristics and the quality of accounting information of third sector entities, we initially performed the Pearson correlation test. This, aimed the analysis of the relationship among variables: assets, creation time, independent audit engagement, legal form and certification with the quality score of accounting information identified in the analyzed entities. Table 5 shows the results of the test performed.

The result of the correlation test showed in Table 5 indicates a positive and significant relationship ($p < 0.01$) between the quality of accounting information and these characteristics: size, creation time, audit and the organizations certified as OSCIPs.

The correlation between the quality index of accounting information and the size demonstrates that larger entities have a higher level of quality of financial reports. This result converges with the studies carried out with financial market institutions (BALL; FOSTER,

1982; LANG; LUNDHOLM, 1993; BHOJARAJ; BLACCONIERE; D'SOUZA, 2004; DECHOW; GE; SCHARAND, 2010; HOLANDA *et al.*, 2012; BRANDÃO *et al.*, 2013). The result shows that more experienced non-profit Brazilian organizations are better able to present financial information, as these tend to have higher experience to deal with the reports and accounting figures.

Table 5 - Pearson Correlation Test

| | | IQIC | TAM | TCNST | AUD | ASSOC | FUND | OSCIP | UPF |
|----------|--------|------|--------|--------|--------|--------|----------|---------|----------|
| IQIC | Correl | 1 | .499** | .334** | .307** | -.090 | .090 | .270** | -.270** |
| | N | 392 | 392 | 392 | 392 | 392 | 392 | 392 | 392 |
| logTAM | Correl | | 1 | .420** | .535** | -.116* | .116* | .200** | -.200** |
| | N | | 392 | 392 | 392 | 392 | 392 | 392 | 392 |
| logTCNST | Correl | | | 1 | .322** | -.092 | .092 | -.608** | .608** |
| | N | | | 392 | 392 | 392 | 392 | 392 | 392 |
| AUD | Correl | | | | 1 | -.011 | .011 | .157** | -.157** |
| | N | | | | 392 | 392 | 392 | 392 | 392 |
| ASSOC | Correl | | | | | 1 | -1.000** | .112* | -.112* |
| | N | | | | | 392 | 392 | 392 | 392 |
| FUND | Correl | | | | | | 1 | -.112* | .112* |
| | N | | | | | | 392 | 392 | 392 |
| OSCIP | Correl | | | | | | | 1 | -1.000** |
| | N | | | | | | | 392 | 392 |
| UPF | Correl | | | | | | | | 1 |
| | N | | | | | | | | 392 |

**The Correlation is significant at the 0,01 level (2 ends).

*The Correlation is significant at the 0,05 level (2 ends).

Subtitle: IQIC – Index of quality of accounting information; logTAM – log of Size; logTCNST – log of time of constitution; AUD – Audited Organization; ASSOC – Association; FUND – Foundation; OSCIP; UPF.

Source: Research Data (2014).

In addition to these variables, the quality index of accounting information relates positively to OSCIPs and negatively to UPFs. These results show that there is difference in the quality of accounting information according to the type of certificate received by non-profit entities. In addition, the entities qualified as OSCIPs are positively related to an audit, something that may explain the positive relationship between this title and IQIC. Art. 4 of Law no. 9.790/99 provides that the entities qualified as OSCIPs should hire independent auditors to perform the audit of its financial statements and, if necessary, also of the funds from the partnership agreement, which justifies the identified relationships.

In Table 5, one may also observe a positive relationship between size, audit and time of creation. This phenomenon suggests that larger organizations are more experienced and are the ones tending to contract/perform independent audit of their financial statements.

After performing the correlation test, the results of multiple linear regression tests are presented, with the five proposed models of equations, as shown in Table 6.

Table 6 - Multiple Linear Regression – Model 1

| Variables | Beta | T | Sig. | VIF |
|-------------------------------|-------|-------|-------|-------|
| (Constant) | | 7,613 | 0 | |
| CONSTITUTION TIME (logTCONST) | 0,126 | 2,588 | 0,01 | 1,874 |
| SIZE (logTAM) | 0,44 | 7,982 | 0 | 1,575 |
| AUDIT (AUD) | 0,019 | 0,367 | 0,714 | 1,427 |
| OSCIP | 0,109 | 1,974 | 0,049 | 1,595 |
| Association (ASSOC) | -0,04 | -0,91 | 0,363 | 1,028 |
| ANOVA | | | | |
| R | 0,522 | | | |
| R ² | 0,272 | | | |
| Sig | ,000b | | | |
| Durbin-Watson | 1,737 | | | |
| Test of Levene | 0,693 | | | |
| N | 392 | | | |

Source: Research Data (2014).

From Table 6, it is possible to point out that the first proposed model is significant, and independent variables can explain 27,2% of the variance in accounting information quality score. By means of the results of the model 1 test, it appears that three variables are significant: logTAM, logTCONST and OSCIP. This information is convergent with the correlation among the results shown in Table 6. However, it diverges in relation to the variable AUD, because the model proposed showed no significance. The variables FUND and UPF were excluded from the model. This can be explained, since these variables are mutually exclusive dummies, i.e. those that are not FUND are ASSOC and the entities that are not UPF are OSCIPs.

The variable AUD was not significant, with a β coefficient of 0.019 in model. This fact shows little influence upon the analyzed context, even having presented significant correlation in the Pearson correlation test (Table 5). The beta (β) correlation between the variables AUD and IQIC, although significant, is low (0.307).

The failure to influence the conduct of the audit on the quality of accounting information of third sector entities is contrary to the expectations of this study and the literature, which demonstrate its influence on the quality of accounting information. Nevertheless, it appears that this result converges with the study by Saxton, Kuo and Ho (2011). For these authors, this result demonstrates that using only the independent audit, exclusively as a form of governance, does not guarantee greater level of disclosure and, consequently, higher quality of reported financial information.

In the context of the second sector, the audit has been demonstrated in some studies, already cited as influential on the quality of accounting information. However, there are also studies (BAUWHEDE; WILLEKENS; GAEREMYNCK, 2003; JEONG; RHO, 2004; IATRIDIS, 2011) that did not identify a significant influence of this variable. According to

these authors, the non-influence might be related to other factors, such as the change of audit firm and elements involving the quality of audit work.

In addition to the above variables, we emphasize that the title OSCIP was also significant in model. This aspect indicates a factor contributing to better quality of accounting information. This result might be linked to the fact that these organizations are larger, as identified in the correlation test. In addition, the legislation governing certificated organizations as OSCIPS predicts compulsory publication of financial statements. The performance of the audit of these statements and the terms of partnership can also help these entities show a higher level of quality of accounting information.

The influence of the qualifying title as OSCIP on the quality of accounting information reported by non-profit institutions is consistent with the study's results by Yetman and Yetman (2004). The authors suggest that the efforts of regulatory entities in higher level of control and monitoring make governance practices – adopted coercively – contribute to a minimization of opportunistic actions, errors and failures in the process of preparing and presenting the financial statements of non-profit organizations.

The results about the variables TAM and CONST converge with studies by Marcuello and Salas (2001), Yetman and Yetman (2004); Behn, DeVries and Lin (2010); Cruz (2010) and Beisland and Mersland (2013). In these studies, the variables showed explanatory power and significant influence upon the quality of accounting information. Thus, it appears that larger organizations have the need for better internal controls and require clearer information for the decision-making process. Similarly, over time, there is a wish of evolving internal controls in order to meet the needs arising from organizational activities, thus contributing to better quality of accounting information (BEISLAND; MERSLAND, 2013).

With this result, it is possible to accept the H1 of the study. H1 predicted a positive relationship between the size of non-profit organizations and the quality of accounting information. The H2 prescribed the existence of a positive relationship between the quality of accounting information and the time of constitution of the analyzed entities. The hypothesis can also be accepted because both the correlation test and regression test showed, respectively, a relationship and positive influence between the calculated IQIC and the time of establishment of the non-profit organizations analyzed.

The H3, which foresaw a positive relationship between nonprofit organizations that have external auditing and a higher level of quality of accounting information, can not be accepted. Although the results suggest that it is related positively to a better quality of accounting information, a low influence of only 1.3% was identified in the first model, and of 1.9% in model 5, both not significant. It is worth mentioning that the influence of the audit on the quality of accounting information is not conclusive. It leaves room for further research to be carried out within the third sector. The literature provides orientation on other aspects related to the audit, as rotation of the audit firm and the audit by a BigFour (BAUWHEDE; WILLEKENS; GAEREMYNCK, 2003; JEONG, RHO, 2004; IATRIDIS, 2011). These factors can influence the quality of reported financial information. These data were not captured in this study. The next section presents the final remarks of the study and the recommendations for future research based on our findings.

5. CONCLUDING REMARKS

The study aimed at evaluating the relationship between the quality of accounting information disclosed and the characteristics of the third sector Brazilian entities. As for the quality of information of financial reports released by the third sector organizations investigated, the main results point to a low level of accounting disclosure and, consequently, the low quality of accounting information disclosed by the Brazilian third sector organizations, compared to entities in the second sector.

Regarding the analysis of the relationship between the characteristics of the third sector entities and the quality of accounting information, it was found that the size and the time of establishment of the entities positively influence the quality of disclosed accounting information. Therefore, the largest and most experienced organizations tend to have better quality of accounting information disclosed, which may be linked to the existence of more efficient controls, better knowledge of norms and experience on how to handle the accounting processes. Moreover, it can be inferred that these entities must hold knowledge of the importance of accounting figures to the management process. In addition, the entity's classification as OSCIP also contribute to the improvement of the accounting information evidenced.

The results suggest that the legal form of a non-profit organization does not have influence on the quality of accounting information. This suggests that more bureaucratic processes in the formation of a foundation, and the obligation of accountability annually to the Public Ministry is not able to ensure the quality of the information provided. However, it was also observed that organizations formed as associations have no obligation to provide accounts, except those classified as UPF or OSCIP. Thus, this fact does not contribute to a higher level of the quality of accounting information.

These results also show that non-profit organizations and regulatory bodies need to evolve in the accounting information reporting process, as well as in the awareness of the importance of these reports for the decision-making process and public accountability.

The results of this study contribute to the elucidation of some factors as predictors for the quality of the accounting information of third sector entities. This research increases the panorama of the discussion of the quality of the accounting information in the studied context, and serves as a base for the development of research oriented to the management, accounting and its information in the context of the nonprofit organizations.

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BETWEEN THE CONCEIVED AND THE LIVED, THE PRACTICED: THE CROSSING OF SPACES AT THE ARTS AND CRAFTS FAIR OF NAMORADOS SQUARE IN VITÓRIA/ES, BRAZIL

Entre o concebido e o vivido, o praticado: o entrecruzamento dos espaços
na feira de artes e artesanato da Praça dos Namorados em Vitória/ES

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ABSTRACT

This article aims to understand how the organizational space of a fair (the Arts and Crafts Fair of the Namorados Square, in Vitória, Espírito Santo) constitutes itself as an intersection of uses that different subjects adopt in the urban space. For this, we used an ethnographic method, with the data produced from systematic and participative observations between May and October 2015. We examined the data based on categories created from the theoretical propositions of the authors Henri Lefebvre and Michel De Certeau. Results show that the organization of the fair is determined by provisional practices, whose existence is permeated by manifestations of power, resistance and conflict, which emerge from the daily life of the subjects. By revealing forces that act by forming ephemeral harmonies, we show the intersections of space that are conceived and lived. The fair, as an organizational form, emerges from the juxtaposition of uses and appropriations of its spaces, in dynamic relationships that privilege space concepts elaborated by certain subjects and sometimes by others.

Keywords: Organizational Symbolism. Space. Ethnography. Fair.

RESUMO

Este artigo tem por objetivo compreender a forma como o espaço organizacional de uma feira – Feira de Artesanato e Artes da Praça dos Namorados, em Vitória, Espírito Santo – se constitui nos entrecruzamentos dos usos que diferentes sujeitos elaboram para o espaço urbano. Para isso, utilizou-se o método etnográfico, com produção dos dados a partir de observação sistemática e participante ocorrida entre os meses de maio e outubro de 2015. Os dados foram examinados à luz de categorias que articulam proposições teóricas dos autores Henri Lefebvre e Michel de Certeau. Os resultados apontam para a compreensão do organizar da feira como composto por práticas provisórias, cuja existência é permeada por manifestações de poder, resistência e conflito emersas no cotidiano dos sujeitos. Ao revelar forças que atuam formando harmonias efêmeras, evidenciamos os entrecruzamentos do espaço concebido e vivido da feira. A feira, enquanto forma organizativa, emerge da justaposição de usos e apropriações de seus espaços, em uma dinâmica que privilegia ora concepções de espaço elaboradas determinados sujeitos, ora por outros.

Palavras-chave: Simbolismo Organizacional. Espaço. Etnografia. Feira.

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1. INTRODUCTION

The urban space is made up of a set of different uses that social groups adopt in the city. Its complexity imposes challenges on research, since the understanding of urban dynamics entails identifying and capturing the integrations of commonly stressed political and social interests. Although traditionally studied from the functionalist point of view (VIEGAS; SARAIVA, 2015), the city is full of symbolisms that permeate its physical and social configuration. The various appropriations that social groups make of city spaces reveal the many ways of perceiving and creating the world (DAMASCENO, 2007). Understanding the city as a phenomenon created and recreated by the subjects that participate in the urban space requires thinking about its inhabitants, perceiving them in their varied forms of existence and including them in the material and symbolic construction of the city.

Although urban spaces are produced and reproduced according to the geographic, political and cultural characteristics of cities, it is common for certain organizational forms - formal or informal, symbolic or constructed - to be present in almost all of them. These organizations constitute the public space and play a diverse role in the provision of services to urban populations. Among these functions is commerce as a social and economic activity that produces transformation in the physical and symbolic space of cities.

For the purposes of this work, we highlight fairs (or markets) as a privileged object for the investigation of the dynamics of urban space. As ancestral organizational forms that are still present in various human societies, fairs can be considered emblematic not only for commercial activity, but also in the relation to the city and its cultural and social diversity (FERRETTI, 2000; FILGUEIRAS, 2006; SOUSA, 2000). In Brazilian cities, fairs originated from the Iberian tradition, later they mixed with African and indigenous practices of trade and commerce, resulting from a long process of modification into open-air markets (MOTT, 1976; 2000). Functional overlays of the urban space are evident in the fair, which can also be taken as a focal point to understand how the intersections of social and symbolic uses and appropriations of the city by social groups constitute the organizational spaces.

In the field of Organizational Studies (OSs), fairs are still not very explored as an empirical object. Some studies in the Brazilian context have already approached different urban fairs from the perspectives of identity (CARRIERI; SOUZA; LENGELER, 2011; PIMENTEL; CARRIERI; LEITE-DA-SILVA, 2007), organizational practices and strategy (CARRIERI *et al.*, 2008; DE SOUZA *et al.*, 2014; PIMENTEL *et al.*, 2011) or as spaces of vitality (FILGUEIRAS, 2006). Along with these contributions, we highlight the originality of investigating the relationship between the fair as an organization and the dynamics of the city. We understand that the fair as an organization, with its complex and multifaceted characteristics (HERNES, 2004), allows us to unveil economic, social and symbolic structures that are embedded in urban dynamics (FERRETTI, 2000).

In view of this, we seek to study the constitution of the organizational space, in relation to the dynamics of urban space. **Our objective is to understand how the organizational space of a fair - the Arts and Crafts Fair of Namorados Square, in Vitória, Espírito Santo - constitutes the intersections of uses that different subjects elaborate for the urban space.**

We adopt a symbolic approach (HATCH; CUNLIFFE, 2013), according to which the organization itself can be seen as the confluence of subjectively elaborated symbols, narratives and constructions of sense. Congruent with this definition for the organizational phenomenon is the ethnographic method (CAVEDON, 2008; CHIESA; FANTINEL, 2014), adopted to investigate symbolic aspects and manifested representations of the appropriation of the public space by the different subjects who experience the fair every day. From the ethnographic perspective that we adopt, we seek to approach the fair and its spaces as an experience (TAYLOR; SPICER, 2007; TOMKINS; EATHOUGH, 2013), positioning this study from a comprehensive perspective, in which the role of research is to interpret the meanings, perceptions and experiences circulated and engendered in the organizational universe, adding symbolic and material perspectives.

We understand that the present research presents a relevant contribution as it proposes the investigation of an already traditional fair in the context of the *Capixaba* (originating from Espirito Santo) capital, which integrates, in its different spaces, inhabitants of the city and the neighboring region, tourists, representatives of public power, artisans and traders. Such a multiplicity of subjects, experiencing the spaces of the fair, do this by building and rebuilding it symbolically, from contexts of different conceptions, experiences and practices, which we understand to be the intersections of spaces. Thus, socially constructed spatial realities reveal different meanings, practices, and interests that sometimes come together, forming a complex kaleidoscope of intersubjective consciousnesses, which at times tend to conflict, and at other times combine harmoniously, in a heterogeneous, fluid and fragmented manner.

The way to construct such interpretations demonstrates another contribution of this article, in that it articulates emerging perspectives in the analysis of the organizational space (WATKINS, 2005). We show the potential of the theories of Henri Lefebvre and Michel de Certeau to understand the material and symbolic dimensions of urban space produced by the experience of its inhabitants. We start from Lefebvre's spatial triad for the integrated understanding of the domains of space as planned, conceived, and of space as lived every day. Nevertheless, the articulation between the conceptual spheres of Lefebvre is done through a dialogue with Michel de Certeau's thought on the practices of space. The analysis was built, therefore, linking the practices to the spaces and symbolisms produced, which enabled us to understand the process of organization as composed of provisional practices, in which manifestations of power, resistance and conflict emerge, constantly re-signified by the subjects so that the organization of the fair could happen.

So, we invite the reader to follow the path that we go through in the fair, whose narrative is organized in the following sections: after this introduction, we present the theoretical reference, followed by the methodology, the presentation of the field, and, in conclusion, the final considerations.

2. SPACE AS EXPERIENCE: SITUATING THE PERSPECTIVE OF OSS

In the field of OSs, aspects related to spaces and spatialities in organizations have been the focus of research by different investigators (DOVEY, 1999; KORNBERGER; CLEGG, 2006; CLEGG; KORNBERGER, 2006; VAUJANY; MITEV, 2013). In 2010, Van Marrewijk

and Yanow (2010) even talked about a "*spatial turn*" in the field, highlighting the paths of analysis about organizational space and work space that dated back at least 30 years before.

Space has been recurrently addressed by management theories, since it is the scene for actions in organizations (CHANLAT, 2006). However, it was from the theme of organizational culture in the 1980s and 1990s that the spatial and material aspects of organizational life came into focus. This "*spatial turn*" followed the movement that occurred concurrently in other social sciences, such as philosophy and anthropology. By rediscovering space and spatiality, this new focus has brought OSs closer to a long tradition of space studies in the fields of human and social geography, city studies, urban planning, and sociology.

Taylor and Spicer (2007) classify research on organizational spaces into three basic approaches: space as distance, space as the materialization of power relations, and space as experience. The first category corresponds to a strictly physical perspective of space, considered as the distance (possibly measurable and objectively represented) between two or more points. This approach, which can be taken as the most common understanding of space in organizations, is present in a broad set of works based on functionalist perspectives on organizational phenomena. In this paper, we will focus on the relationship between strategy and organizational space (GIBLER; BLACK; MOON, 2002; DAMERON; LÊ; LEBARON, 2015).

The category of space as a materialization of power relations addresses the issue of control, surveillance and discipline in and out of an organizational setting, as in the discussion of urban spaces (TAYLOR; SPICER, 2007). From this perspective, the space provides fixed positions or allows for circulation, marks places, defines actions, guarantees obedience in arrangements that reflect and reproduce hierarchies and power relations. Particularly relevant to the grouped approach in this category are the studies that seek to understand the places of power in organizations (FLEMING; SPICER, 2014), which are symbolic in relation to physical space. The mutual implications between architectural space and management are the subject of reflection for the OSs (KORNBERGER; CLEGG, 2006; KERR; ROBINSON; ELLIOT, 2016; VALAND, 2011; VAUJANY; MITEV, 2013). In this approach, one can perceive the theoretical influence of Michel Foucault's concept of disciplinary power (CAIRNS; McINNIS; ROBERTS, 2003) and an empirical orientation aimed at the observation and interpretation of space and material culture in relation to the interactions and understanding of behaviors of subjects *in situ* (O'TOOLE; WERE, 2008).

Finally, the category that addresses space as experience is concerned less about aspects such as distance and proximity or even power relations but focuses specifically on how spaces are produced from the experiences of those who appropriate and inhabit them. Thus, space as experience starts from a comprehensive perspective, in which the role of research is to apprehend and elaborate ways of communicating the meanings, perceptions and experiences circulating and engendered in the symbolic organizational universe.

The approach of space as experience is characterized by the adoption of a subjectivist ontology (HATCH; CUNLIFFE, 2013), according to which it is understood that reality is conditioned to the subjects' experience and their ways of elaborating meaning from experiences. From interpretive (PUTNAM; BANGHART, 2017) and phenomenological perspectives (TOMKINS; EATHOUGH, 2013), the currents of thought of OSs dedicated to this understanding of space and spatiality have assumed that the spatial reality of organiza-

tions is socially constructed, which makes sense in the context of the subjects' experiences. According to this approach, it is understood that symbolic constructions about organizational space tend to settle on existing physical structures, such as buildings, rooms and offices, which are exactly the places where the organization develops.

In this approach, one has the understanding that organizational space emerges as a product of intersubjective consciousness, from experiential contact with space. In this way, the existence of the organizational space is elaborated from concrete material references, which gain meaning through symbols, representations and constructions of meaning, but mainly through communication processes (ROPO; HÖYKINPURO, 2017; VÁSQUES, 2016; WILHOIT, 2016), and by the non-representational path of performance (BEYES; STEYAERT, 2011). This approach poses challenges to organizational research and points to the adoption of phenomenological ideas (TOMKINS; EATHOUGH, 2013), which elaborate the understanding of the experience of space in the flow of life.

3. THE SYMBOLIC PRODUCTION OF URBAN SPACE

The emergence of space as experience is largely due to Lefebvre's work (2006). In *The Production of Space*, the author adopts a critical epistemology to define social space as a concept that cannot be isolated, nor remain static, since it arises from a set of dialectic relations of production/reproduction. In order to elaborate this dynamic concept of space, everyday life appears as a central force, according to commentators on Lefebvre's work (ELDEN, 2004; KIPFER *et al.*, 2008). In his understanding of space, Lefebvre (2006) emphasizes the generative potential of everyday interactions and his method of work can be described as an observation of everyday life, in search of experiences that produce space from the perspective of social subjects (BEYES; STEYAERT, 2011). According to Lefebvre (2006), space can be both abstract and real, concrete and instrumental, and also transcend its own instrumentality. For the author, space can be conceived beyond its materiality, being associated with social reality, that is, it is socially produced (LEFEBVRE, 2006). Thus, the human being, while living in society, builds and rebuilds his physical, social and cultural world.

The experience of space is also a resource in the thoughts of Michel de Certeau. In the work *The Practice of Everyday Life*, the author contributes to the theory of action by placing the focus of his studies on the creativity of the subject, by dedicating his analysis to the interstices with which the individual escapes from what is expected of him/her (COVA, 2014). In this work, Certeau (2014) analyzes, dialectically, apparently insignificant cultural practices of daily life from the logics that sustain them (BUCHANAN, 2000). Thus, since Certeau (2014) explores the processes of bricolage and appropriation as expressions of counter-power of the ordinary person, his work succeeds in giving some measure to the central question that Lefebvre shared with the thinkers of his time: "how to get out of daily life?" (COVA, 2014). That is, how to understand the theory-practice relationship beyond common sense but having to recognize that this is the theoretical resource of the social scientist.

According to Lefebvre (2006), space can be conceptualized in (at least) three different ways: the space conceived, the lived space and the perceived space¹. The space conceived is related to the space of the dominant mode of production in a society, which tends, most of the time, to be "a system of verbal signs, and accordingly, intellectually elaborated" (LEFEBVRE, 2006, p. 66). Meanwhile, the lived space is the space of the inhabitants, permeated by images and symbols; "It is the dominated space, in which the imagination tries to modify and appropriate," resembling "more or less coherent systems of nonverbal symbols and signs" (LEFEBVRE, 2006, p. 66). The thinking of the author, highlighted by rightly demonstrating the dialectical dimension in the understanding of space, in a constant intersection of materiality and representation, problematizes the urban space in terms of processes that consist of its progressive secularization and commoditization (WILSON, 2013).

According to Lefebvre (2006), the production of space can be understood through the combination of three elements: the practice of space, representations of space and spaces of representation. Certeau (2014), in turn, refers to space as the place practiced – that is, produced ambiguously from the relationship of the subject with the world, in its spatial existence. Comparatively for the author "reading is the space produced by the practice of the place constructed by a system of signs – a writing", which is constituted in everyday practices (CERTEAU, 2014, p. 184).

What we propose here is the intention to highlight the dynamics of material and representational interlinkages, especially through the symbolic dimension of urban spaces in relation to organizational spaces. In this sense, the conceptions problematized by Certeau (2014) are essential, in that the author unveils mechanisms of transformation and significance of the spaces stemming from everyday practice, by the appropriation of these same spaces. Equally important for this understanding is the contribution of Lefebvre (2006) on the forms of production of the urban space in relation to the production work of different social groups. In the encounter between these two theoretical strands, the idea is that the produced spaces and places produce people at the same time that they construct them (DALE; BURRELL, 2008). It should be observed that this understanding is only possible from an analysis that is not only relational but also historical, taking into account facts, relevant conflicts and power relations in each situation.

It is important to emphasize that the very notion of everyday life for the authors is different, considering that for Lefebvre, the forms of domination that arose within modernity – understood from the angle of consumption – constitute forms of alienation, whereas, for Certeau, this same consumption represents situations of resistance that allow the subject to put into practice their tactics and the arts of making (COVA, 2014). Likewise, notions of space diverge, as we have already mentioned. However, we agree with Cova (2014), where light is shed on the proximity of at least two notions used by both authors: use and appropriation. While Lefebvre proposes to rehabilitate the concept of citizenship in the practices of use, since he perceives, in everyday life, the reproduction of the relationships of dominance, Certeau suggests taking another look at the individual, demonstrating creativity,

1. We chose to work with only the first two categories of space because we understand that the conflicts that emerged in the field reveal, to a greater extent, the tensions between what was conceived and what was experienced at the fair. In this sense, we prefer in this article not to go deeper into the category of perceived space.

not passivity (COVA, 2014). Both, then, deny the idea of an individual manipulated by the system. Likewise, Lefebvre incorporates appropriation into the field of practice, although he does not consider processes of re-appropriation to be acts of creation, unlike Certeau (COVA, 2014).

Nevertheless, despite the disagreements, we understand that in the subject's experience of inventing the world from their use, dynamically creating and re-creating everyday life, that the propositions of space of both authors can be seen as complementary in the analysis of the field data gathered in this research. This possibility of dialogue is evident to the extent that we conceive that the transformation of space conceived into space lived (LEFEBVRE, 2006) occurs through the everyday practice of space by the subject (CERTEAU, 2014). The space, for Certeau (2014), is a place practiced, produced from the relationship of the subject with the world, personalized as a "movement", a stage of actions and representations of the subject in their daily life.

Henri Lefebvre, perhaps more than Michel de Certeau, is an author whose writings are often appropriated into the field of Geography and Urban Studies. Still, the thinking of Michel de Certeau can bring contributions to the study of urban dynamics, especially in the problematization of practices and appropriations of space by ordinary people, who experience and produce the urban every day. In this sense, while produced socially, the urban space is constructed as the stage for the spaces of representation (LEFEBVRE, 2006). These spaces of representation go beyond mere geographical paths to be travelled at random; the representations underlying the production of urban space carry notions of intentionality, which characterize the conception of space, as it is constituted from the uses of the subjects (SANTOS, 2006). Thus, it is not possible to think of the city only physically, as an inert environment, leaving out approaches that do not consider the socio-spatial practices that shape and construct it (CARLOS, 2007). The social practices in space develop as *performances* of the subjects, that is, as the outcome of their sensations and of their corporality in relation to the experience of the environment (BEYES; STEYAERT, 2011).

Going deeper into the idea of experience, we understand that human action in the different urban landscapes is marked by a social corporality (SANTOS, 2006), perceptible in its materiality in the residential and commercial configurations, in the architecture and constructive patterns (DALE; BURRELL, 2008), in the distribution of people and buildings, and in the physical layout of the city (SANTOS, 2006). The different architectural constructions present in society are loaded with symbolisms that seek, through humanity's need to situate their world in time and space, to leave messages of their understanding (DALE; BURRELL, 2008). The formalized actions of planning of the city are defined, therefore, by the city that is desired, from a conception produced from a place of specific power. However, it is important to emphasize that the conception of space is in the field of images, while the real is in the dimension of the experience of this space, given through its everyday appropriations (CERTEAU, 2014). Between the planned and the lived, the urban space is redefined in processes of appropriation, by the individuals who develop their practices of representation in the social space.

To take possession of a space means to take a certain place as "yours", attributing to it characteristics of personal or social identification that demonstrate the interaction of people with the different environments (FISCHER, 1994). Still according to Fischer (1994),

the dynamics of appropriation are never neutral, since they carry with them different cultural marks that give meaning to the space. Thus, the materialization of the process of socio-spatial practice occurs in the "realization of the social relationships that produce the places, this is the dimension of the production/reproduction of space, which can be seen, perceived, felt, lived" (CARLOS, 2007, p. 21). This is because it is in this appropriation of space that the reproduction of society is based, in its uninterrupted sense of lived life, revealed in a set of relationships, behavioural models and value systems (CARLOS, 2007; IPIRANGA, 2010).

From the concepts presented here and the interweaving of complementary perspectives of space, in the next item, we present the methodological routes covered in this research.

4. METHODOLOGICAL ROUTES

According to the theoretical approach of space as experience, we chose to carry out a qualitative empirical research on the fair of Namorados Square, understanding that this allows us to understand the subjective, present in the space investigated. In this context, we seek to understand how the fair is constituted by the intersections of uses that different subjects attribute to the urban space, in their everyday practices that develop as performances in space (BEYES; STEYAERT, 2011). We took the ethnographic position as guided by a phenomenological experiential perspective (TOMKINS; EATHOUGH, 2013).

Thus, at the beginning of May 2015, one of the authors entered the field and began to use participant observation, which lasted until the middle of October of the same year. From the field insertion, 40 dense and detailed field diaries were written to record, based on the recommendations of Cavedon (2008), their feelings on the day of the study, in addition to the observations of the researcher. Following the premises of the method, the actions in the field were based on trying to maintain the position of ethnographer, by being attentive to the conditions of knowledge production expressed in the interactions and reflexivity that are integrated in the field of research (CHIESA; FANTINEL, 2014).

As a strategy for approaching the subjects, this author offered help to the stall holders, in exchange for conversation (and information). Thus, the researcher in the field offered to the respondents help to load the products, set up stalls, install lights, carry ice, set up canopies used to protect customers from rain, whatever was necessary. These actions throughout the research refer to the importance of a proactive behaviour on the part of the researcher in the search for data following the principles of ethnography, as proposed by Cavedon (2014). Thus, the function of "doing anything that shows up" provided the flexibility to get to know and participate in activities in different stands (food, handicrafts and bric-a-brac or "*fuleragem*"²), which allowed for a better understanding of the different dynamics, diversifying the ways to look and the construction of the polyphony of the text.

Data from the observations, field diaries and interviews were interpreted in the first instance by the researcher, who is the first author of this text, in the light of theoretical

2. "Fuleragem" is the term used by stall holders themselves when referring to products purchased from popular markets in São Paulo and Belo Horizonte, products which are mostly from China. It has the connotation of being "fuleiro", which is a slang adjective to refer to cheap imitations.

reference and field experiences. The other authors interacted with the field data, read the analyses elaborated by the researcher and offered secondary analyses, guided by the theoretical reference and the evidence of the theoretical contribution of the empirical work. We chose this form of analysis because we understand that, although ethnographic research is the result of an individual effort, the production of theoretical reflections in regard to field data can be enriched by collective work. This way of treating empirical data has the potential of strengthening the reliability of the findings, as well as increasing the legitimacy of ethnographic research in OSs, since the researcher is led to question how his subjectivity guided the empirical findings, through the contact with the other researchers. The report of the field experiences follows the shared logic of authorship assumed in this text, complemented by the adoption of the first-person plural as the pronoun of choice in the presentation of empirical data.

5. INTRODUCING THE FIELD: THE FAIR ORGANIZATION

The Fair of Handicrafts and Arts in the Square - popularly known as the Fair of Namorados Square - is located on the Do Canto Beach, considered, according to the City Hall, as one of the regions with better infrastructure in the city, with good commerce and services (VITÓRIA, 2015). According to the 2010 Census figures, the neighbourhood is the third most populated in the city, with about 15,147 inhabitants of the 327,801 inhabitants of this capital. The *per capita* income of the residents of the neighbourhood was, in 2010, around R\$ 3,844.97 (monthly average), compared to R\$ 1,662.97 for the whole city (IBGE, 2010). The landscape is noticeable for its imposing constructions and high residential and commercial buildings.

The square has two tennis courts, a volleyball court and a sand soccer court, a skate park and a children's playground. The square also has green areas and several trees of different species, which guarantee enough shade. There is also 24-hour CCTV, as well as being a route for the military police, municipal guard and mounted police to pass through in preventive actions. The fair takes up an area of 5,901.94m² for its operation, about 50% of the area of Namorados Square, being set up in the late afternoon and evening regularly on weekends and sporadically on public holidays or commemorative dates. The fair is also part of the Arts in the Square Program, an initiative of the Municipality of Vitória (City Hall), which has existed since 2004 (VITÓRIA, 2015).

There is a lot of miscommunication about when and how the fair began; however, according to some sources, the fair was recognized by local authorities in the second half of the 1980s. Initially local and handicraft products were the "flagship" products of the fair, but over time, other stalls were set up and sold a variety of products. Passing through the stalls of the fair, one can notice a great diversity of handicraft products, as well as industrially manufactured products such as toys and silverware, that are bought from other popular markets, generally in São Paulo and Belo Horizonte, "made in China" being the vast majority. There are also food stalls selling typical regional dishes, such as *moqueca* and *capixaba*, but other fast food options such as Mexican, Japanese, Bahian, pizzas and the ever-popular skewers are also available.

It is appropriate here to present the aspects of the physical structure and the formal organization of the fair. Although the fair usually starts late in the afternoon, the mobilization of the workers starts long before that. On weekends, early in the morning, we can already see the movement of the assemblers in the square. Exhibitors start arriving after 2:00 p.m., and soon after 4:00 p.m. some of them are already organizing their products on the tables (each exhibitor has his or her own time to set up and organize their stall, at the pace he or she considers most appropriate). Closing times also vary, depending on the number of customers.

Some physical elements demarcate the boundaries of the organization. For example, the sound system. Around the square, fixed onto some posts, it is possible to see speakers, which are operated by one of the exhibitors who, besides being part of the management committee, is also part of the management of the association. The fair therefore has its own sound system, from which diverse music is played and, like a conventional radio, it is also an open space for advertisement. The commercials advertise the different products sold on the stalls. Along with the adverts, songs are played that are intended to allude to the type of product sold. Among the commercials, diverse musical genres are played, which is also cause for conflicts, due to the diversity of musical tastes of the exhibitors.

Another physical element that delimits the fair is the lighting. In addition to the street lighting posts in the square, the lighting of the space is reinforced by the illumination of the stalls, for which, the responsibility and costs are covered by the City Hall. For the exhibitors, there are power distribution boxes with sockets, covered by a metal cover, arranged on the floor, around the whole square. After the change of layout in 2015, which will be dealt with later in this article, some of these boxes moved even further away from the stalls, requiring that the exhibitors increase the length of the electrical extension cables they used, causing the electric wires to cross on the floor, in the way of the pedestrians.

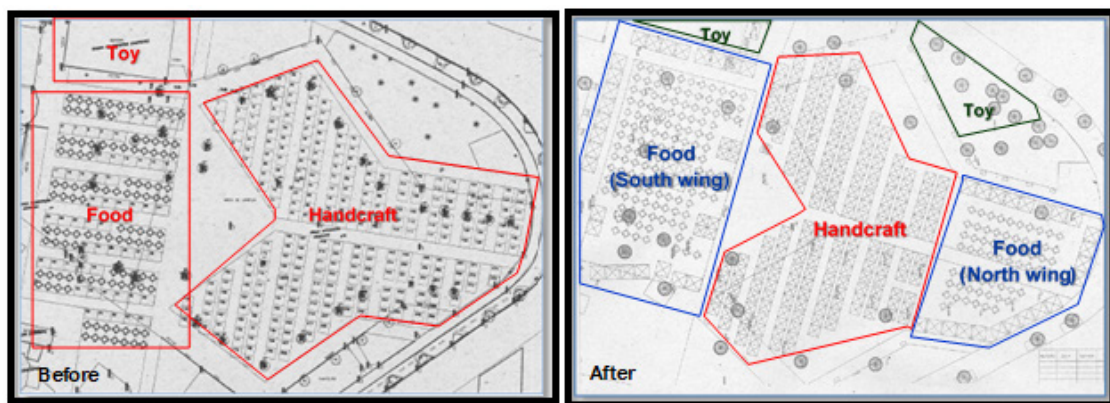


Figure 1 - Layout of the fair, before and after the change

Source: City Hall of Vitória, 2015.

Besides the sound system and lighting, the most noticeable physical element of the fair organization is the way it stands in the space of the square. The distribution of the stalls in the square can be delimited and represented in a drawing, which we call a layout,

in accordance with the emic language. In September 2014, the layout of the fair – which concentrated the food stalls at one end of the square – was altered, implying a new social corporeity (SANTOS, 2006) to the spaces, as they were reconfigured materialities that, according to conceptions produced from a place of power (DALE; BURRELL, 2008), have generated concrete consequences in the ways of experiencing the fair, both by the exhibitors and by the passers-by. The new layout of the stalls was designed by the City Hall, who distributed the food stalls on both sides of the square, concentrating the handicrafts in the middle, as shown in Figure 1. This change was seen as necessary by the subjects in the field, who were the representatives of the management committee, the City hall and the exhibitors, since, according to them, it polarized the public's access to food stalls.

This intentional change in the fair's materiality caused changes in the distribution and flow of people. According to the exhibitors themselves and also in the opinion of the assemblers of the stalls and City Hall, the change increased the circulation of people at the fair. During the field research, it was possible to observe a greater movement of people from one place to another in the square, something that was not noticed in the previous layout, in which the people remained in the area destined for eating. Thus, it is possible to say that the reallocations forced changes in the ways of experiencing the spaces of the fair by different subjects. Such a change displeased many merchants, especially the food merchants, who had to leave the space they had previously occupied and which their customers were already familiar with, to set up elsewhere. Some exhibitors, while still recognizing the importance of the changes, realized that new conflicts among exhibitors emerged from the changes, especially in those whose new experience of the spaces was perceived as harmful.

Regarding the formal planning, at the time of the research, according to City Hall information, the fair consisted of 209 stalls, being 159 for handicrafts and toys and 50 for food, as well as receiving between 5,000 and 8,000 visitors on the weekend. Some exhibitors are organized in an association, but it should be noted that this membership is not homogeneous. Among some, the opinion that prevails is that the association exists for the benefit of the few, not meeting the expectations of the majority. The so-called management committee (whose existence is required by City Hall) is made up of three exhibitors - one of food and the others of handicrafts or toys - with three substitutes. Every two years, a new management committee is elected, in a voting process among the members. It is the management committee that mediates the needs and demands of the exhibitors with the Municipal Secretary of Tourism, Labour and Income (Semttre).

It is in this scenario, in which we understand space as experience, produced from the different uses that are made of it every day, we focus on the different conceptions of space and understanding of what is or should be the fair, which reveal symbolisms constructed and reconstructed in dynamics that can both approximate or distance exhibitors and visitors. These points of consensus and dissent, which can be seen in the day-to-day dynamics of the fair, are presented below, based on the categories of analysis emerging from the data produced in the field.

6. THE PRACTICE OF SPACE REVEALING ITS INTERSECTIONS

As already articulated theoretically in this article, the practices of spaces (CERTEAU, 2014) emerge from the experiences of the different subjects that modify and appropriate these spaces, so that the conceived meets the lived (LEFEBVRE, 2006), in existences that transcend limits and transgress the established order. Thus, there is the construction of an intense re-appropriation and re-signification of the spaces, produced from the experiences (TAYLOR; SPICER, 2007) of exhibitors, fair visitors and public authorities.

It is worth mentioning that we use here an intentional blending of the categories of square and fair, expressed by what we interpret as an interdependence between the two signs, converting them into complex symbols that are related and confused, in a square that enables the existence of the fair and a fair which gives meaning and life to the square. So, after this explanation, we present the results of the field research and the revelations of the fair.

6.1 MANY SHOPS AND SHOP WINDOWS: THE SPACE DESIGNED FOR WORK, INCOME COMPLEMENTATION AND INCOME GENERATION

According to a source, the Fair of Namorados Square was conceived by the City Hall as a way to both accommodate the informal workers who occupied another square in the centre of the city of Vitória, as well as to control the use of this public space (according to the source, City Hall "understands as the main importance [...] the need for a little control [...] actual control of spaces [...] I don't really like that word, but it is inevitable [...] It is part of the organization"). We can insert into the dynamics of the fair, the people who work there to complement their salary or generate income; the inhabitants of the city and surrounding areas, who gain an additional leisure option; the agents of public authorities, who represent the city planning, all of these combined with the plurality of lived spaces. With such dynamics, it is possible to perceive the intentionality present in the conception of the fair, which sought to shape the physical spaces (CARLOS, 2007; LEFEBVRE, 2006) of Namorados Square.

As well as the public power, the exhibitor also designs his/her fair, based on meanings related to his/her place of work, or even an opportunity, even if modest, to own their own business. In this way, they elaborate for themselves strategies of use and appropriation of their space in the fair. Also, the visitors have their own conception of the fair. There are different perspectives that denote the way in which subjects attribute various meanings and representations to the uses of spaces, which transcend the materiality of the city (FISCHER, 1997; IPIRANGA, 2010).

The fair as a space for work, salary complementation and income generation, as conceived by the City Hall, can be reinforced by the account of many exhibitors who tell similar stories about how they came to be there. During the field research, multiple narratives of exhibitors were registered, in order to justify their presence at the fair: unemployment at a given moment in life, the desire to restart after a debilitating accident or maybe, the

beginning of a new life in a foreign country. In common, there is the will to work and the need to support themselves and their families.

These trajectories and strategies (CERTEAU, 2014) reveal an intellectual elaboration of space (LEFEBVRE, 2006), which, in an urban context, transforms itself according to social constructions and reconstructions on the part of the public authorities, workers and local population. Such planning seeks to act as an organizer of activities as a kind of spatial advisor, that is, in representations that seek to define in discourse the uses and appropriations of space (LEFEBVRE, 2006).

Although not all of them had previously planned to become exhibitors at the fair, many of them have appropriated such a profession, which often merges with that of craftsman. In search of opportunity, many exhibitors at the fair ended up finding in it a means of making money and a place to work, or, as many like to say, "display their work". For most of the exhibitors who were the subject of this research, work at the fair is their only source of income; for others, it serves as a complement to their income or retirement pension. The sense of place of work conferred to the fair refers to the meanings and appropriations described by Fischer (1994), in which the subjects take over the space of the fair, reassigning meaning to the square itself.

The fair symbolizes for these workers a new beginning, the opportunity to work and to have a way to support themselves. However, the data obtained in the field reinforce Sousa's (2000) argument, when he suggests that the fair is not only a means to make financial gains, but it also offers the possibility of this being the result of a pleasant work, practiced in the direct relation between producer and final consumer without the mediation of a middleman. Farmers with whom the field researcher had contact had different meanings for "owning their own business": to plan, to produce and to sell, to have their own store and to manage it in their own way.

We also note that, for the fair workers, it is not just a question of financial matters. According to those surveyed, being at the fair involves meanings like exploring your own potential, offering yourself the opportunity to work independently, at your own pace and in what you know and appreciate doing. However, this does not mean that the choice of the fair as a way of life does not involve hard work, as the exhibitors report working more than 14 hours a day making the products they sell at the fair on weekends. For exhibitors, the space they occupy in the square is their store and the stall is their shop window. For this reason, each one has his or her way of arranging it, and many show annoyances with passers-by who do not demonstrate the same care for the products when touching them. There is the ritual of assembling and dismantling the store every day of work, which is carried out with much fondness in order to "catch the eyes" of the bystanders.

The regulations that determine working conditions at the fair provide for one month's vacation to the exhibitors, but many said they had never been away from the fair for many days, because "the secret is not to stop coming [to the fair], as in a store, if you aren't open you don't sell" (Field Diary, 06/27/15). Thus, there are exhibitors who prefer to keep the stall open even in their spare time, for fear of losing the connection with the clientele, or fear of not earning anything for a long period. It is interesting to point out that the understanding of the stall as a store (a meaning that implies a notion of perennality) on the part of the exhibitors contrasts with the conception of the fair as a temporary work, that

would serve as a "springboard" for the insertion into the labour market or as the beginning of an entrepreneurial career. This second view was expressed by the City Hall in interviews, indicating divergent conceptions of space.

This space as a place of work, income complementation and income generation, as conceived by the City Hall, presents itself as a strategic organization for sharing of work and leisure, a conception that is often altered by the tactics expressed in the ways of doing by the subjects. Certeau (2014) points to a strategy as something that creates abstract places capable of producing, mapping, imposing; while tactics have no other choice but to use, manipulate, and alter these places, since, in the author's words, "tactics have no place other than that of the other" (CERTEAU, 2014, p. 94). In this way, what we see is a relationship of forces in which strategy and tactics are articulated in the detailing of the daily life of the fair. A symbolic balance that reaffirms the appropriation of the urban space by human action in the different landscapes (SANTOS, 2006), which enables understandings between material reality and social relations, as well as demonstrating contradictions in social movements and practices (CARLOS, 2007).

In this way, the space of the fair was conceived for representations of space, those related to knowledge, signs and codes (LEFEBVRE, 2006), which becomes evident in the narratives expressed by the public authorities, which conceive the fair for certain purposes. This typification of the space was conceived by the City hall and exhibitors as a place of work and income generation, which sometimes conflicts with or complements the conception of the society that sees the fair as a leisure space (even if it is free leisure characterized by a walk in a public place). When the City Hall reaffirms the design of the fair as a temporary path for the exhibitor, which, in its view, should aim for another type of future business, or when preferring the term "passer-by" instead of "customer" it opposes the space conceived from the fair as the lived space, insofar as they ignore the space practiced and experienced daily by the subjects. This will be presented in the next topic.

6.2. "NAMORADOS SQUARE IS NOT A SHOPPING MALL": THE SPACE LIVED AMONG FRAGMENTATIONS, CONFLICTS AND DISPUTES

Living space is the place of experimentation in human life (LEFEBVRE, 2006), and for this reason cannot be stable, perennial, it is not bound to time or space. On the contrary, due to the subject's interaction with the world, in his or her spatial existence, ambiguities, contradictions and conflicts appear in his or her daily life (CERTEAU, 2014). Such interactions, given through practices and appropriations (CERTEAU, 2014), result in dynamics that are not neutral (FISCHER, 1994), but rather revealing of powers, interests and visions of the world.

As in other organizational forms, conflicts are present in the daily life of the fair. In certain situations, the clashes occur explicitly, as in the discontentment of exhibitors with the actions of the City Hall, and in others, in a veiled way, especially when related to the decisions involving the association and the management committee or the performance of competitors at the fair.

As the working days at the fair passed by, the researcher in the field witnessed several conflicting situations among the exhibitors, such as the emblematic episode in which two artisans argued over a difference of ten centimetres in the positioning of their stalls. When faced with the refusal to move by his stall neighbour, who claimed that her clients needed enough space to admire her art comfortably, one of the artisans shouted: "Namorados Square is not a shopping mall, there aren't as many people who'd like to see her art!" (Field Diary, 07/26/15). On the other hand, there was the attitude of the exhibitor who refused to move her stall and showed great attachment to what she considered to be her own space. In her personal trajectory, beyond the "shared piece of ground", it was a great challenge to leave the "fabric" where she exposed, after 21 years working at the fair as a visitor, and earn the right to exhibit her art at a stall, like so many other exhibitors.

Moreover, the material arrangement of the fair, as with other organizations, acts so as to expose relations of power, established in the symbolic spaces of dispute, so that what is at stake is also the physical space (FISCHER, 1994). To be able to exhibit to the public by being on their way is interesting, but the symbolic appreciation of physical space occurs because of the socially produced space, an abstract space (LEFEBVRE, 2006), which cannot be understood objectively, nor for its utility or functionality. Thus, when analysing this situation in isolation, it is not possible to interpret the attitude of those involved and it is necessary, as we have seen, to understand the trajectories of these subjects.

Another interesting question, that appears in the speech of the exhibitor involved in the conflict, was the distinction he creates between the fair and the shopping centre, highlighting the inequality between the two realities, in which the former relates to the most popular commerce, marked by the relation of the city with its cultural and social diversity (MOTT, 2000; SATO, 2007). The latter, on the other hand, carries with it the notion of mass consumption, both of goods and services. To say that "Namorados Square is not a shopping mall" can be understood as declaring that there would not be a large enough public around a stall that would prevent it from being physically displaced to the point of affecting the well-being of potential clients.

Intermingled with such disputes, there is also the dissatisfaction of the exhibitors who consider themselves artisans with those who work with bric-a-brac (*fuleragem*), with which the exhibitor refers in a humorous way to the art of his neighbour. This aspect has shown itself to be involved in several situations of conflict between exhibitors, a context in which the dispute arises among artisans who consider that they are losing space to the bric-a-brac sellers. Exhibitors, regardless of their classification, are unanimous in recognizing that "before the fair was quite different," attesting to the change that has taken place over the years which brought the Chinese products to the square. We have to consider here the Chinese tradition in the trade of copies and cheap disposable items, which supply the Chinese desire to own foreign goods, and the country's own production and commerce system that is at the threshold of formality/legality and informality/illegality, where there is the status of opting for copies as an alternative in reducing imports. Originating from highly intensified production, these products reach all regions of the world, including Brazil. They have low prices and they allow for the formation of chains of distribution and resale, with the possibility of earnings for all those involved (PINHEIRO-MACHADO, 2009).

Nevertheless, another issue of conflict, uniting craftsmen and bric-a-brac sellers, is the predominance of the sweet snack vendors who are the preference of the fair visitors. The general understanding is that people go to the market to eat and end up buying something else. The researcher had the same opinion, seeing that even on days with few sales, the food areas were always crowded. However, this is the minor dispute surrounding food vendors, as there are conflicts rising from their own competition with each other. The competition for the preference of the visitors occurs when there is the attempt to copy products that are already offered by another exhibitor, and when there is calling for attention in front of the stall, that is, in trying to be the same, as in the first case, and letting the customer decide at their own convenience what suits them. Or, as in the second case, when trying to be different.

In both situations, there is hostility among the sellers, which is sometimes disguised as the politics of the "good neighbour" adopted in the daily life of the fair with relationships that oscillate between cooperation and competition, a flow of actions and meanings in constant variation. This incessant search for symbolic delimitations, or spatial boundaries, forms symbolic barriers that transform and construct the fair every day (CERTEAU, 2014).

Thus, the conflicts between uses and appropriations of spaces at the fair are situational and fragmented, changing in a kaleidoscopic manner that combines conceptions and practices in a different arrangement for each situation. In addition, it is precisely by means of this complex combination that appropriations and uses of sometimes convergent spaces are demonstrated, often being divergent in relation to the different conceptions of space circulating in the fair, which unveil the articulation that makes possible the lived space. When we conceive of space as experience, we enable the unveiling of practices (CERTEAU, 2014) as a link that engenders space conceived and lived (LEFEBVRE, 2006), in the intersection of space that forms the fair.

7. FINAL CONSIDERATIONS

This article aimed to understand the constitution of the fair's organizational space in the intersection of uses that different subjects adopt in the urban space. We therefore reiterate that the fair is an object of rich and contributory research for an OS. In the case of our study, it enabled us to highlight spatial realities that allowed us to unveil meanings, practices and interests. These, if understood under the light of emerging theoretical perspectives in the field, turn the findings and analyses undertaken here very relevant, insofar as the organization of the fair is approached as composed of provisional practices, which allow for its existence through the manifestations of power, resistance and conflict emerging in the daily life of the subjects. This research, therefore, reveals different forces present in the space of the fair. Forces that act by forming ephemeral harmonies, which coexist in a tenuous symbolic balance, through which we can see the intersections of space conceived and lived in the fair. The fair, as an organizational form, arises from the juxtaposition of uses and appropriations of its spaces, in dynamic relations that privilege spatial concepts elaborated by certain subjects (such as representatives of the public authorities, for example), or conceptions elaborated by others (such as exhibitors or fair visitors). In these dynamics, symbolic divergences about the uses of the space of the square and the goal of the fair are concealed, silenced or solved, through practices that ensure ephemeral harmonies.

In this sense, square and fair are confused and mixed in terms of their materialities and intentionalities, in the context of a square that allows for the existence of the fair and a fair that gives meaning and life to the square. The two signs appear as interdependent in the conversations taken from the field and in the very life of the subjects: workers, visitors, exhibitors and representatives of the public power, despite their different conceptions and experiences of space.

The different conceptions are perceived, for example, in the antagonism of the notion of the City Hall, when it declares the fair to be a temporary work space, while for exhibitors this is a lifetime's work. The space conceived by the City Hall is intercalated as temporary with the space lived as permanent by the stall holders. This divergence of perceptions undermines the idea of the fair as cohesive or homogeneous; in this way, what is seen, in certain moments, are subjects that act independently, often losing strength in their claims, which also impacts on the ways of experiencing space and living the work. These different visions of the fair give rise to conflicts among exhibitors – sweet snack vendors, artisans and bric-a-brac sellers – as well as between all of them together and the City hall.

As a form of resistance in relation to the pre-established rules, the subjects of this study appropriated the square and the fair each in their own way, challenging the location with its established strategies. Among the exhibitors, there are situations of discontent with the controlling body and the actions of those who, in their view, do not represent them satisfactorily, such as the management committee and the association. Thus, it is in the lived space in which individual stories develop in defiance of what is conceived during the appropriations and uses of daily life.

The fair of Namorados Square and its constructed spaces are constantly being redefined through the strategies and continuous and dynamic transgressions present in the daily space practices of the subjects of the research. These transgressions encourage the emergence of new strategies which, in turn, demand different tactics, in a continuum of lived space that resembles a game going through constant transformation, in an unclear differentiation between those who plan and those and those who live the fair.

In addition, it is in the intertwining of experiences of space that lies the marriage between strategies and tactics, conciliating the appropriation by everyone of the space of the square. A place invented in its conflicting, ambiguous conditions and contractual surroundings, sometimes becoming unstable, and because of this, enabling the production of the space of the fair. This instability, present in different spaces, is what makes the human world complex, challenging and at the same time impressive, allowing for a profusion of interpretations, all partial and situational.

Finally, we understand that in approaching space as an experience, our research clearly contributes to the field by unveiling not only the intertwining of conceptions and experiences of space, but also the very process of organization as being ephemeral and overlapping in the practices of spaces. However, it is important to note that this article is a section from a larger survey, and as such does not represent the totality of the data produced. Because of this, the focus of the research was on the subjects exhibiting at the fair and on the representatives of the public authorities, which is a limitation of the study. We do not go much further in this text in terms of the conceptions and experiences of the spaces

of the fair by the visitors, for example, which were captured during the research, but due to the maximum length allowed for this article, we chose not to include.

In addition, we emphasize that it is still possible to advance in the problematizations developed here, in order to deepen the theoretical advance obtained from the study. Longitudinal studies, for example, may evidence the temporality of the organizational dynamics of appropriation of spaces, and discuss the different arrangements and combinations over time. Other possibilities lie in the understanding of these spatial dynamics in other organizational contexts, focusing on their relationships with urban spaces, in order to understand the symbolic relationships in the context of Brazilian cities.

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STRATEGIC RESONANCE AND INNOVATION IN PUBLIC SECURITY SERVICES IN BRAZIL

Ressonância estratégica e inovação em serviço de segurança pública no Brasil

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ABSTRACT

The aim of this study was to test an exploratory contribution of a model for the relationship between strategic resonance (SR) and innovation in public security services (IPSS), with the construction of two scales. The subject of this analysis are the Federal District Military Police (PMDF) and Community Security Stations (CSSs). The model for the relationship was tested using structural equation modeling (SEM) of innovation in public security services (IPSS) and strategic resonance (SR) explanatory variables. The results show that the structural relationships postulated between the variables are corroborated by the global sample analyses, obtaining evidence of scale validation. We concluded that the CSSs are an IPSS, where we observed that policing is linked to interactions between the population and PMDF in a relationship comprising the human, structural and operational characteristics of the service. The main contributions of this research are the proposal of a relationship between SR and IPSS and the development and validation of two scales that measure these two constructs.

Keywords: Innovation in public security services. Strategic resonance. Military police. Community security stations. Structural equation modeling.

RESUMO

O objetivo do estudo foi testar, com a construção de duas escalas, uma contribuição exploratória de um modelo da relação entre ressonância estratégica (RE) e inovação em serviço de segurança pública (ISSP). O objeto de análise são os Postos Comunitários de Segurança (PCSs) da Polícia Militar do Distrito Federal (PMDF). O modelo da relação foi testado utilizando *structural equation modeling* de variáveis explicativas de ISSP e RE. Os resultados mostram que as relações estruturais postuladas entre as variáveis são corroboradas pelas análises da amostra global, obtendo-se evidências de validação das escalas. Conclui-se que os PCSs são uma ISSP na qual é possível perceber que o policiamento está atrelado às interações entre população e PMDF, em uma relação composta por características humanas, estruturais e operacionais do serviço. Destacam-se como principais contribuições desta pesquisa a proposição da relação entre RE e ISSP e o desenvolvimento e a validação de duas escalas que medem esses dois constructos.

Palavras-chave: Inovação em serviço de segurança pública. Ressonância estratégica. Polícia militar. Postos comunitários de segurança. Modelagem de equação estrutural.

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1. INTRODUCTION

In order to design and provide public services, public organizations often need to strategically associate organizational and environmental factors, altering their characteristics through innovations and the effects can be evaluated by their performance (CHOI; CHANG, 2009; NARANJO-GIL, 2009). Operating and innovating strategically is a considerable challenge for organizations that work in the public sector (LEONARD-BARTON, 1982), particularly those providing public security services (ROLIM, 2007). Following a bibliographical research on articles published between January 2001 and December 2015, using the keyword "public security" on the SciELO and Spell databases, we verified that the field of studies on public security has been increasing in Brazil. However, Adorno and Dias (2014) and Lima, Ratton and Azevedo (2014) highlight that this area of study lacks academic contributions on some of its nuances, including discussions about public security policies, to impose regulation in a country affected by an increase in police violence during the same period. Cruz and Barbosa (2002a), Sapori (2002) and Lima, Ratton and Azevedo (2014) add that public security services provided by military organizations are not generally studied through an organizational approach, despite the importance of obtaining innovation in services (IS) provided by the Brazilian Criminal Justice System (formed by the judicial and prison system, Public Prosecution Service (MP) and police institutions), which are responsible for the State's exclusive activity of maintaining public order. While a number of studies have focused on institutional-political innovation, which involves public police organizations – a valuable contribution – however, public management literature has shortcomings, regarding the analysis of these institutions (CRUZ; BARBOSA, 2002a; LIMA; RATTON; AZEVEDO, 2014).

Research on innovation in public security services (ISSP) and specifically about policing, generally focuses on IS, whether at an institutional (for example, BEATO FILHO, 1999; CRAIG; HEIKKILA, 1989) or individual level (see MESQUITA NETO, 2004), instead of an organizational level. In addition, studies tend to emphasize innovations in policing (OLIVEIRA JÚNIOR; SILVA, 2010) and governance models (CHALOM *et al.*, 2001; PONCIONI, 2013), instead of the processes through which innovation is implemented. Research has also suggested (see ROBERTSON, 1998; MARX, 1987; SPARROW, 2014) that the specific characteristics of public security services make the innovation process in organizations in the public sector distinct from what occurs in the private sector. McKenna (2014) highlights that studies in the field of public security do not consider that the functional characteristics of police services are affected in the process of adding value. Bayley and Skolnick (2002) and Coelho (1986) add that studies on the topic rarely connect aligning the environment with the function of police organizations' operations as a strategic contributor to developing and maintaining IS, therefore, it constitutes a disjunction between police apparatus and administration.

In research discussions held in the organizational context that emphasize innovation as an important strategic concept, also for public sector organizations (see MULGAN; ALBURY, 2003 for example), the integrated innovation approach (DJELLAL; GALLOUJ, 2012a; 2012b) and parameters for studies performed at private sector organizations are predominantly used. The central position of this approach is that the product innovation process (which can be goods or services) develops by altering its generic functional cha-

racteristics and is centered on the user-provider relationship (GALLOUJ, 1994; 2002; 2007). Many of the authors who perform research on the topic highlight the importance of aspects common to goods and services in the innovation process and develop typologies of the forms of innovation by mobilizing the characteristics of the product resulting from the process (VARGAS *et al.*, 2013). Innovation is considered a complement to the traditional product perspective, having a comprehensive and multidimensional concept that involves various functions, both within and outside the organization (CARLBORG; KINDSTRÖM; KOWALKOWSKI, 2014). Technological and non-technological aspects and characteristics that distinguish the majority of product services (such as inseparability between production and consumption, intangibility, low negotiability and heterogeneity) are seen as an important condition that adds value to the process (GALLOUJ; SAVONA, 2010; GALLOUJ; WINDRUM, 2009).

In view of the aim of this study, a further important premise is the influence that organizational alignment, both with the environment and company resources and processes, exercises on the establishment of an organization's course of action, affecting its innovations. Seen in these terms, guaranteeing continuous connections and harmonization between the environment and the organization's operational capacities, between these capacities and corporate strategy and between all the functions and all of the organizational levels are seen as a crucial factor to find strategic resonance (SR) (BROWN, 2000). For Brown and Cousins (2004) and Wang and Cao (2008), the operational plant and transformation of organizational design into a less bureaucratic structure are also seen as relevant and effective to promote SR.

Investigations into SR have focused on understanding the processes under the auspices of the industrial manufacturing paradigm (see NAQSHBANDI; KAUR, 2011) and, in general, have concentrated on activities in the car industry (BROWN, 2000; BROWN; BESSANT, 2003). Although there is little empirical evidence, we observed that SR is fundamental to innovation (BROWN, 2001) and a sustainable strategy (SPETIC; MARQUEZ; KOZAK, 2012).

In other countries, experiments which include a process of organizational reform of police forces provide them with methods to solve problems (instead of a response to criminal occurrences) and go back at least 60 years in History. Examples are those conducted by the United States police between the 1950s and 1990s (RIBEIRO, 2014). However, in Brazil, a lack of experience in implementing public security prevention policies (SILVEIRA, 2014) means that the actions taken by the police differ significantly (RIBEIRO, 2014); have not been incorporated by state corporations; while focusing solely on the Federal District and a further five Brazilian states from a total of 27 (BONDARUK; SOUZA, 2012). With regards to the Federal District Military Police's (PMDF) trajectory since 1995, the organization has been intermittently seeking to offer a community policing (CP) service by creating councils, patrols and attempts to form a closer relationship with the population (see GDF, 2005; PMDF, 2007 and UNODC, 2011).

With this scope in mind, the CP service, was considered a policing IS and a new organizational strategy, established through a partnership between the Military Police (PM) and the population who started taking part in preparing actions to preserve public and civil order (BRODEUR, 2002; GAINES; TROJANOWICZ; KAPPELER, 2009; MENELAU *et al.*,

2015). The dynamics take place through ostensive and preventive police work corresponding to the complex exercise of law reinforcement defined by an inalienable commitment to the social construction of peace and well-being and respect for human rights. Therefore, this work has the general objective of demonstrating the influence that SR may have on ISSP, taking the PMDF Community Security Stations (CSSs) as a case study. As an additional contribution to literature in the area and field of policing, it provides the construction of two scales that measure both SR and innovation in the police service. With this purpose, this article is structured in three sections, in addition to this introduction and a conclusion section. Section 2 approaches the concepts of SR and ISSP; section 3 describes the case of the PMDF CSSs and presents the procedures to develop the adopted model, through the Structural Equation Modeling (SEM) method, and section 4 presents the results of the analysis of the relationship between SR and ISSP in this specific case.

2. STRATEGIC RESONANCE AND INNOVATION IN PUBLIC SECURITY SERVICES

On the understanding that in order to add value to the service, mobilizing internal-external competencies and internal-external technical characteristics (material/immaterial) is required, the focus of this research is at the meso-level of analysis, studying the sub-units of the organization that provides this service (WAGNER III; HOLLENBECK, 2012). Therefore, the construction is based on the integrated approach to innovation initially proposed by Gallouj and contributors (DJELLAL; GALLOUJ, 2012a, 2012b; GALLOUJ, 2002; GALLOUJ; WEINSTEIN, 1997) and the SR approach developed by Brown and contributors (BROWN, 2000; BROWN; BLACKMON, 2005; BROWN; FAI, 2006). Thus, the focus of attention is on the operational level of the organization that directly contributes to providing the service (BAYLEY; SKOLNICK, 2002). In the model proposed, competencies and technical characteristics (of providers and users) influence or are influenced by the organization's operational functions, the strategic alignment within them and the environment in which they operate are observed as functional vectors.

In order to explain the addition, subtraction, association, dissociation or formatting of different changes in an innovation (DJELLAL; GALLOUJ, 2012b; GALLOUJ, 2002) in public security, at times researchers have concentrated on the perspective of police officers at the strategic center (SPARROW, 2014) and, at others, visualize innovation, while focusing on the environment and the way it reflects on the institutional context (such as in BEATO FILHO, 1999; CRUZ; BARBOSA, 2002a, 2002b). In this research, these features of police service operations are examined, according to the characteristic vectors which form them, as described by Gallouj and Weinstein (1997), and enhanced for the public area by Djellal and Gallouj (2012b). Thus, competencies should be understood as ways of processing knowledge, while the technical characteristics include the operations which converge to accomplish the service (GALLOUJ, 2002).

On considering the innovation process in the public sector, there are gaps in research both from the aspect of an analysis of the process and the importance of the external environment for strategies that lead public organizations towards innovation (DE VRIES; BEKKERS; TUMMERS, 2014). According to Lima and Vargas (2012), these gaps are due to innovations by public sector organizations and have specific features that are not present in

the other organizations operating in environments where capital is present. The way public service providing organizations manage their relationships with the environment, strategically resonating, is one of the important precedents for the competencies and technical characteristics of the operational innovation process (BROWN, 2000; BROWN; FAI, 2006; COUSINS; STANWIX, 2001).

SR should be sought through a decentralized, bottom-up process, in which alignment of the operational levels and the environment, with the formulation of corporate strategy, is identified as significant to the high performance of operations (BROWN, 2000). Internally, the main mechanisms which contribute to the SR process are: (i) identifying and developing the qualification of operations, particularly central competencies related to people, processes, products and relationships; (ii) improving the consistency of corporate management decisions in relation to the competencies of operations in the strategic process and (iii) improving involvement and managerial influence on operations in the strategic process (BROWN; BLACKMON, 2005; BROWN; FAI, 2006). Factors, such as the decision to invest in structure, fragmented demands, speed of delivery and flexibility have an influence on adapting the optimum performance of operations to the environment (BROWN, 2000; SLACK; LEWIS, 2011). Therefore, there is an imperative need, along with the organization's need based to align its strategies on its resources with the environment.

Integration and a balance of the organization's two types of interest lead to what Brown and Blackmon (2005) establish as strategic flexibility. Of equal importance to the innovation process is the search to align their operations with environmental needs, which Brown (2000) classifies as SR. This perspective is also shared by Slack and Lewis (2011), for whom operations should be conditioned to the understanding of the environment that the organization has. As a rule, the environment and resources are central elements of classic studies about the strategy that leads to innovation (BROWN; FAI, 2006; MINTZBERG; LAMPEL; GHOSHAL, 2006). In the field of public administration, recent studies about police organizations have suggested that the introduction of innovations may be affected by the environment and operational characteristics. For example, Cruz and Barbosa (2002a) and Oliveira (2011) argue that the bureaucratic organizational structure that characterizes police organizations influences the implementation of innovation. Craig and Heikkila (1989) and Rolim (2007) concentrated on how complex policy and the environment come into play during the ISSP process. Therefore, the specific characteristics of public police organizations (BAYLEY; SKOLNICK, 2002) may influence the SR desired during the innovation process (see MESQUITA NETO, 2004; OLIVEIRA JÚNIOR; SILVA, 2010).

The argument proposed here is that the role of SR is fundamental to the incidence of ISSP. Figure 1 presents the main latent variables (also called non-observable variables, constructs or factors) of the theoretical framework of this research. It is expected that SR has a direct effect on IS which, in turn, is the set of vectors that represent the CP service. Earlier studies suggest that innovation can be achieved by avoiding conflicting demands between the three factors which predict SR (strategic decision-making, environmental demands and operational capacities) (BROWN; BLACKMON, 2005). Consequently, SR can also directly contribute to the creation of less bureaucratic, decentralized and more agile organizational structures, encouraging new attitudes from members of the organization and redirecting the operations undertaken (BROWN, 2000). Therefore, the specific context of police organiza-

tions influences the implementation of ISSP, while encouraging (or restricting) the behavior of the organization's operational level.

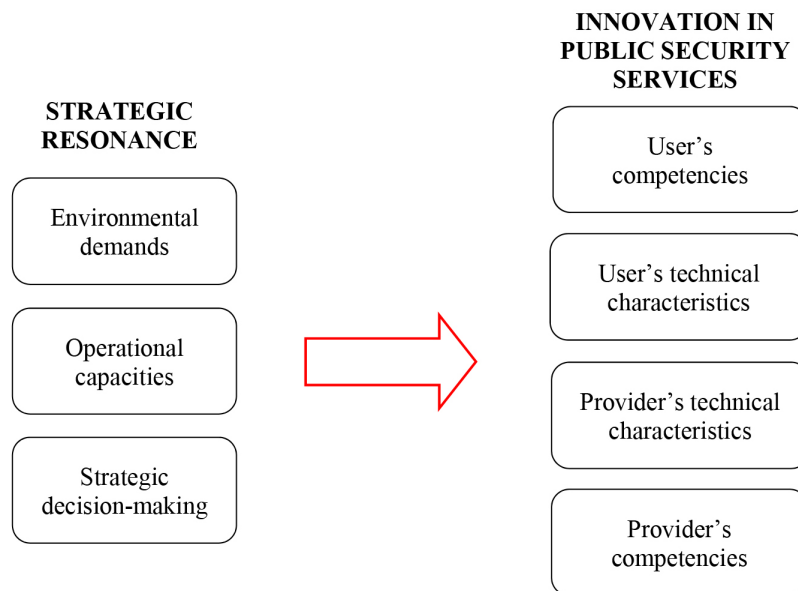


Figure 1 - Relation between strategic resonance and innovation in public security services.

3. RESEARCH PROCEDURES

The research was carried out in 2015 and the Federal District CSSs were the unit of analysis. In order to analyze the relationship between IS and SR at the PMDF and to study the existence and magnitude of the targeted variables, quantitative (BREWER; HUNTER, 2006), exploratory, descriptive (CHURCHILL, 1999) and cross-sectional (MALHOTRA, 2001) research was conducted. Primary data was obtained through a face-to-face survey of a sample of military police who provide a CP service at the CSSs.

3.1 SUBJECT OF THE STUDY: COMMUNITY SECURITY STATIONS

The PMDF is a Brazilian public organization and component of the national judicial system. It is present in all the 33 Federal District administrative regions (RA/DF), through 45 units with responsibility for the area – Military Police Battalions (BPM) – and a regiment that was definitively established in 1966. The PMDF is the public security organization responsible for an ostensive policing service and preservation of public order in the Federal district (DF) and, additionally, it serves as an auxiliary force and reserve for the country's army. The organization obtained international acknowledgement for its CSS program, which emerged from a governmental proposal for public security, aiming to establish 300 police stations with this nomenclature (MENELAU *et al.*, 2015).

A CSS is a physical unit of public community equipment, designed to serve as base-stations of public security officials and to assist the community, guaranteeing security and acting as a reference point in situations of imminent risk, various emergencies or the need to mediate conflicts (PMDF, 2007). These stations are not merely physical installations to isolate the police from the community in which they operate but, conversely, are a location for support and proximity between the State (represented by public security) and the population (UNODC, 2011). Currently there are 75 CSSs, which are hierarchically dependent (for management and support) on a BPM and housed by the administrative regions (RA/DF).

The relationship between the police and the community (CARDOSO, 2011) can be evaluated through the CSS. The innovation of the CSS in the PMDF comprises the organization providing a CP service in co-production with the population, identifying, prioritizing and solving problems, which are not solely restricted to crime, and may involve fear resulting from insecurity in the community, among other aspects that affect public security (PMDF, 2007). Thus, the CSSs can be considered innovations in the approach of type II (process) described by Schumpeter (1982) and the premises of the Organization for Economic Cooperation and Development (OECD, 2005), since implementation stems from a significant change in the way the PMDF operates in the services it provides (MENELAU *et al.*, 2015).

3.2 THE POPULATION, SAMPLE AND DATA COLLECTION AND ANALYSIS PROCEDURES

The sample is probabilistic (FORMIGA, 2011) since the collection was carried out in all the DF CSSs, highlighting that the respondents consulted were willing participants, with anonymity assured for their responses. Interviewee segmentation was used, in order to limit geo-demographic biases, guided by the following parameters: (i) respondent selection (a range of positions and ranks in the PMDF was sought); (ii) location to apply the questionnaire (place of work and at various RA/DF) and (iii) the time span (applied in a 45-day period, enabling ample collection). Six-hundred and three (603) completed questionnaires were obtained from 1,360 police officers allocated to the CSSs (44.34%), being in junior positions (sub-lieutenant, first, second and third sergeant, corporal, private and second-class private) and managerial officials (first and second lieutenants).

There were a number of reductions due to the absence of data (the interviewees did not complete 50% of the items). The frequency analysis, Missing Values Analyses (MVA) and distribution of missing data demonstrated that the percentage of these values (questionnaires with missing data) was less than 5% (2.5%) and an analysis of the correlation of missing values showed that they were randomly distributed (HAIR *et al.*, 2009; TABACHNICK; FIDELL, 2007). These observations were then excluded, with 588 valid observations remaining in the sample, in which there was no missing data, in line with Marôco (2010), who evaluates that between 10 and 15 observations per presented variable is sufficient.

In order to explain the inter-relationships between the main variables, the study used the Structural Equation Modeling - SEM method (MARÔCO, 2010). This approach was considered advantageous, as opposed to a multiple linear regression, since it can simultaneously evaluate the influence of multiple independent variables in dependent multiple variables, as well as considering the theory to define the items for each factor (MARÔCO, 2010). This is possible because SEM presents adjustment indicators which enable an objec-

tive decision about the validity of the construct of the measure analyzed, compared with the other scales explored (FORMIGA, 2011). By using SEM, the whole model could be tested instead of the separate relationships. Modeling was used to test to which point the proposed theoretical framework adjusts to the data (MARÔCO, 2010) and, consequently, the extent to which it can function as an explanatory framework for the relationship between SR and ISSP.

3.3 MEASURES

The research instrument is subdivided into two scales. The first, with 25 items, corresponds to the ISSP measurement and comprises four factors which characterize IS for the policing context. The second scale corresponds to 18 items (also called observable variables) which measure the SR construct. This scale seeks to evaluate the degree of agreement for each subject, with respect to the strategic alignment between PMDF and CSSs, measuring: environmental demands, decision-making and operational capacities. Both are organized in a 10-point Likert scale, varying from 1= totally disagree to 10= totally agree. A qualitative stage was carried out separately for the scales (to construct the items) for content analysis (BARDIN, 2009) and complied with its theoretical formation (see MENELAU, 2015). Exploratory factor analysis (EFA) and confirmatory factor analysis (CFA) were then carried out, in accordance with Marôco (2010).

Table 1 displays a description of the factors prepared in the qualitative stage and the items that subsequently formed the questionnaire.

Table 1 - Factors of analysis and questionnaire items

| Factor | Description | Scope | Item |
|---|---|---|--|
| Provider's technical characteristics | Instruments used (as methods and technologies) to operationalize the process of providing the CP service at the CSSs. | Include knowledge and routines of the CSSs | <ul style="list-style-type: none"> - The availability of vehicles is compatible with doing my job. - The physical structure of my place of work is adequate to perform my activities. - The number of police officers in my unit of work is adequate to perform community policing activities. - The use of foot patrol policing (POG) contributes towards improving the PMDF service. - The PMDF channel of communication allows me to consult and receive information pertinent to my job. - The stock of personal protective equipment (bullet-proof vest and arms, among others) is compatible with the number of police officers at my place of work. - The consumable materials (office and cleaning materials, among others) provided by the PMDF are sufficient for my place of work to operate. - The service support materials (such as cones, radios, transceivers and computers, etc.) provided by the PMDF are sufficient for my unit of work to operate. |

| Factor | Description | Scope | Item |
|---|--|--|---|
| Provider's competencies | Procedures to process the knowledge of the police (or PMDF) who provide the CP service at the CSSs, can be acquired through experience, routines and organizational learning | Include knowledge and routines of the CSSs | <ul style="list-style-type: none"> - The daily actions of my work with community policing enable the construction of trust in the community. - Social actions (talks and courses, etc.) held by the PMDF for the community provide skills to perform my job. - The contributions of my job are related to the improvement of the PMDF service. - The information obtained from my work colleagues favor the acquisition of knowledge about my community policing work routine. - The training course contributed towards performing my community policing activities. - Community policing favors friendliness in relationships between PMDF police. - The data obtained from local residents (nearby community) facilitates performing my job. - The PMDF manuals and regulations orientate the actions in my community policing routine. - The training held at the PMDF contributed towards acquiring new knowledge and skills to perform my community policing activities. |
| User's technical characteristics | Devices used (as procedures and technologies) to operationalize the process of providing the CP service at the RA/DF of the CSSs | Cover the knowledge and routines of the population served by the CSSs | <ul style="list-style-type: none"> - The community is organized in social networks to increase security in the region. - The presence of community policing reduces the construction of security resources (such as bars and the height of walls etc.) in community housing. - The presence of community policing reduces the installation of security resources (such as electric fences and video cameras) in community housing. - The presence of community policing reduces the employment of private surveillance services by the community. |
| User's competencies | The result of CP activities (talks and courses etc.), represent the knowledge and skills acquired by the population or individual assisted | | <ul style="list-style-type: none"> - The social actions performed by the PMDF have developed new security skills in the community. - The social actions performed by the PMDF enabled the multiplication of new social actions organized by society. - My work activities facilitate the emergence of new behavior to prevent crimes by members of the population. - My routine actions enable the construction of the community's trust in the PMDF's work. |

| Factor | Description | Scope | Item |
|----------------------------------|--|--|---|
| Environmental demands | Influences of the external environment (such as the government, supervisory bodies and the media) in decisions related to operationalizing the CSSs | | <ul style="list-style-type: none"> - Concern with community problems affects the way I perform my job. - The activities I perform reflect community desire for public security. - High command's decisions on the use of community policing perform reflect community desire for public security. - Information disseminated by the media affects high command's strategic decision-making on community policing actions. - Information disseminated by the media affects the way I perform my job. - CP management practices are performed according to a priori defined rules by high command, independent of community interests. - The position of other organizations (Federal District Government (GDF), National Department of Public Safety (SENASP), Department of Public Safety (SSP), the Public Prosecution Service (MP) and the Legislative Power, among others) affects high command's strategic decision-making on community policing actions. - The position of the Public Prosecution Service and the Judiciary affect the way I perform my job. |
| Operational capacity | Internal conditions (equipment, vehicles, furniture and physical structure of the CSSs) for CP operationalization | Influence the resonance of the CSS strategy | <ul style="list-style-type: none"> - The PMDF encourages cooperation between community policing and the different areas of work. - Community demands influence the continuity of the CP in a specific location. - The police at the CSS have the resources to implement social actions in the community. - The police at the CSS take part in the planning process carried out by high command for community policing. - The material resources brought by the community influence the operation of the CSS. |
| Strategic decision-making | Integration between the higher levels of decision-making (General Command and Battalion Commandants) and the CSS managers to formulate strategies to operationalize CP at the stations | | <ul style="list-style-type: none"> - The social actions I have performed reflect high command's decisions on community policing. - The information I have transmitted to my superiors favors the modification of routines established by high command. - The needs identified in the community policing routine interfere with high command's decisions. - PMDF human resources influence the targets established by high command for CSS allocation. - PMDF material resources affect the targets established by high command for CSS allocation. |

The SR scale factors were made up of the following items: environmental demands, operational capacity and strategic decision-making. The ISSP scale is formed by the following factors: provider's technical characteristics, user's technical characteristics, provider's

competencies and user's competencies. The items were grouped together as the exploratory stage suggested and factor organization took place as demonstrated in Table 2:

Table 2 - Factor organization

| Scale | ISSP | | | | SR | | |
|------------------|----------------------------------|---------------------|--------------------------------------|-------------------------|-----------------------|----------------------|---------------------------|
| | User's technical characteristics | User's competencies | Provider's technical characteristics | Provider's competencies | Environmental demands | Operational capacity | Strategic decision-making |
| Acronym | CTE | CE | CTI | CI | EA | CO | TDE |
| Items | 4 | 4 | 8 | 9 | 8 | 5 | 5 |
| Cronbach's alpha | 0.82 | 0.75 | 0.87 | 0.77 | 0.80 | 0.76 | 0.81 |

Cronbach's alpha indicator was used to validate the constructs as a measure of internal reliability (FIELD, 2009; PASQUALI, 2010).

4. RESULTS

Typing and analyzing the data was performed on SPSS 15, where correlational analyses, comparing averages and multivariate analyses of covariance were also calculated, and Amos 7.0 used SEM for analysis. The database presented an acceptable level of confidence, as the frequencies for the research variables presented a valid total higher than 95% (FONSECA; MARTINS, 1996). Items for socio-demographic characterization and statistical control of the attributes that could directly interfere with the results were also prepared. The interviewees were distributed among the hierarchical levels: privates (18.8%), corporals (12%), sergeants (53%), sub-lieutenants (5.2%), lieutenants (0.2%) and others (11%). The ages varied between 19 and 59, with half of the respondents being over 41 years old. There was a predominance of men (80.1%) who were married (71.5%), among the interviewees. Regarding the level of education, the participants were distributed between higher education (67.7%), secondary education (18.9%) and other levels of education (13.4%). Half of them have 20 years of service or more at the PMDF.

The analysis and a discussion of the results are demonstrated in two stages. EFA and CFA are presented in the first stage, and were carried out to evaluate the extent to which the whole measurement model adjusts to the data, using the AMOS 7.0 program. Then, the SEM is presented according to the theoretical framework being tested to evaluate the relations between the individual variables in the model and adjustment of the structure as a whole. The determination of the results takes the average score into account (the higher the value, the more the respondents agree with the factor obtained).

4.1 EXPLORATORY AND CONFIRMATORY FACTOR ANALYSES

EFA was carried out in accordance with the recommendations of Hair *et al.* (2009) who suggest that the number of factors where the self-value remains above 1 is observed. The aim was to investigate if the covariances or correlations of the set of variables observed could be explained in terms of a lower number of unobserved constructs, called latent variables or common factors, promoting data analysis (RIBAS; VIEIRA, 2011). The procedure adopted to extract the factor analysis factors was the Principal Factor Analysis (PFA) method, with direct oblimin rotation.

From a psychometric point of view, as Damásio (2012) observes, there is a gap in the consensus of acceptability of the indices obtained with the variance explained. In these terms, Figueiredo Filho and Silva Júnior (2010) adopt a factor solution of 40% as a tolerable limit in EFA for social sciences. However, for this study, the factor solution that explains at least 50% of the total variance was adopted, in accordance with Damásio (2012). For the SR scale, the solution presented three independent and responsible factors to explain 53.2% of the total variance and the solution indicated four independent and responsible factors to explain 50.2% of the total variance for ISSP. All the factors obtained a Cronbach's alpha above 0.70, as Pasquali (2010) recommends, indicating dependable (FIELD, 2009) and consistent (FORMIGA, 2011) scales (see Table 2) for exploratory studies. Then, CFAs were carried out through Maximum Likelihood – ML and path analysis, in order to examine the constructs, without relating them to the many variables (MARÔCO, 2010).

Therefore, two parameters were considered, each comprising two indicators. First, the Comparative Fit Index (CFI) and Root Mean Square Error of Approximation (RMSEA) to counter the completely independent model with the correlated one and to ratify which added variables improve the respective index estimate. The Standardized Root Mean Square Residual (SRMSR) indicators were then verified (to observe if the model was well adjusted) and chi-squared divided by degrees of freedom ($\chi^2/G.L$) (for the sample to be considered large, χ^2 was divided to adjust it) (MARÔCO, 2010).

Several of the items of some factors did not achieve the acceptable variance evaluated by Cronbach's alpha (it should remain over 0.5, according to Hair *et al.*, 2009). Only the items for the users' technical characteristics factor were maintained. CE2 and CE4 were removed in the user's competencies factor; four items (CTI2, CTI5, CTI7 and CTI8) in the provider's technical characteristics factor and three items (CI5, CI6 and CI8) were removed in the provider's competencies. Confirmatory analysis of the ISSP scale presented SRMSR=0.05, RMSEA=0.05, CFI=0.95 and $\chi^2/G.L=2.7$.

All the saturations (Lambdas, λ) are within the expected interval $|0 - 1|$, meaning there are no estimation problems in the proposal (HAIR *et al.*, 2009). Moreover, all are statistically different from zero ($\tau > 1.96$ and $\rho < 0.05$) and Cronbach's alpha (Table 2) is high. Having met the evaluation of dependability and structural validity of the first scale in the exploratory form and from SEM for both the analyses, the 16 items from the scale presented statistical confidence in their measurements, according to Djellal and Gallouj's (2012a) theoretical proposal. Thus, this scale could be described as ISSP indicators, measuring the provider and user's competencies and technical characteristics external and internal to the

organization in community policing, guaranteed through the factor reliability and empirical evidence demonstrated here.

Observing the correlation between the factors, these presented independence and correlations within what is acceptable (under 60%, according to BYRNE, 2011). The exception occurred between the user's competency and provider's competency factors, with an 88% correlation, meaning that the variables involved may be under the influence of the same factor (RIBAS; VIEIRA, 2011). However, even if there is still a high correlation (over 80%), maintaining the factors in the model is desirable, since there is a robust theoretical indication displaying this division (MARÔCO, 2010) and this is the first exploratory study related to the proposed scale.

As in the previous scale, items from some of the factors did not achieve the acceptable variance, evaluated by Cronbach's alpha (HAIR *et al.*, 2009). EA1, EA4, EA5, EA6 and EA8 were removed in the environmental demands (EA) factor; three items (CO1, CO2 and CO5) were removed in the operational capacities (CO) factor and two (TDE3 and TDE5) were removed in strategic decision-making (TDE). It was found that items TDE1 and TDE4 are correlated. Just like in the ISSP scale, the saturations are within the expected interval; they are statistically different from zero; and Cronbach's alpha is high (Table 2) (HAIR *et al.*, 2009). Having met the presupposition of the evaluation of dependability and structural validity of the second scale in the exploratory form and from SEM for both the analyses, the eight items of the SR scale exhibited statistical reliability in their measurements, as expected in the theoretical proposal. The indices presented by the confirmatory factor analysis are SR-MSR=0.4 RMSEA=0.06, CFI=0.97 and $\chi^2/G.L=2.5$, indicating an adequate adjustment of the items in their respective factors.

The various criteria used to define the number of factors to be removed [Kaiser, Cattell and parallel analysis according to Byrne (2011)] reinforce the solution presented according to Brown (2000). In the present scale (as in the previous one), of the items maintained, none had insufficient scores which could result in an inconsistent interpretation. The correlation of 74% presented by operational capacity and strategic decision-making is high and the relation between operational capacities and environmental demands is inversely proportional but not significant. The factors were then theoretically justified, since this is the procedure for correlations over 60% (BYRNE, 2011). Consequently, this scale could be described as SR indicators (which evaluate the environmental demands, the relation between the levels and the functions, and the organization's operational capacities), supporting this research, together with the previous scale, with greater factor reliability and empirical evidence for its application and measurement in other military organizations and with different variables.

4.2 TESTING THE STRUCTURAL MODEL

In order to explain ISSP from SR, a structural recursive model was considered and tested, which represents the relationships described in Figure 1. In SEM, the relationships between the constructs were examined and following modifications to the error adjustments, an appropriate model was found, presenting the adjustment indices of SRMSR=0.6 RMSEA=0.06 CFI=0.90 and $\chi^2/G.L=3.3$, indicating appropriate accommodation of the path

model. Some correlations are set at zero and theoretically justified (BYRNE, 2011). Figure 2 presents the integrated model of the relationship tested of SR as a predictor of ISPP.

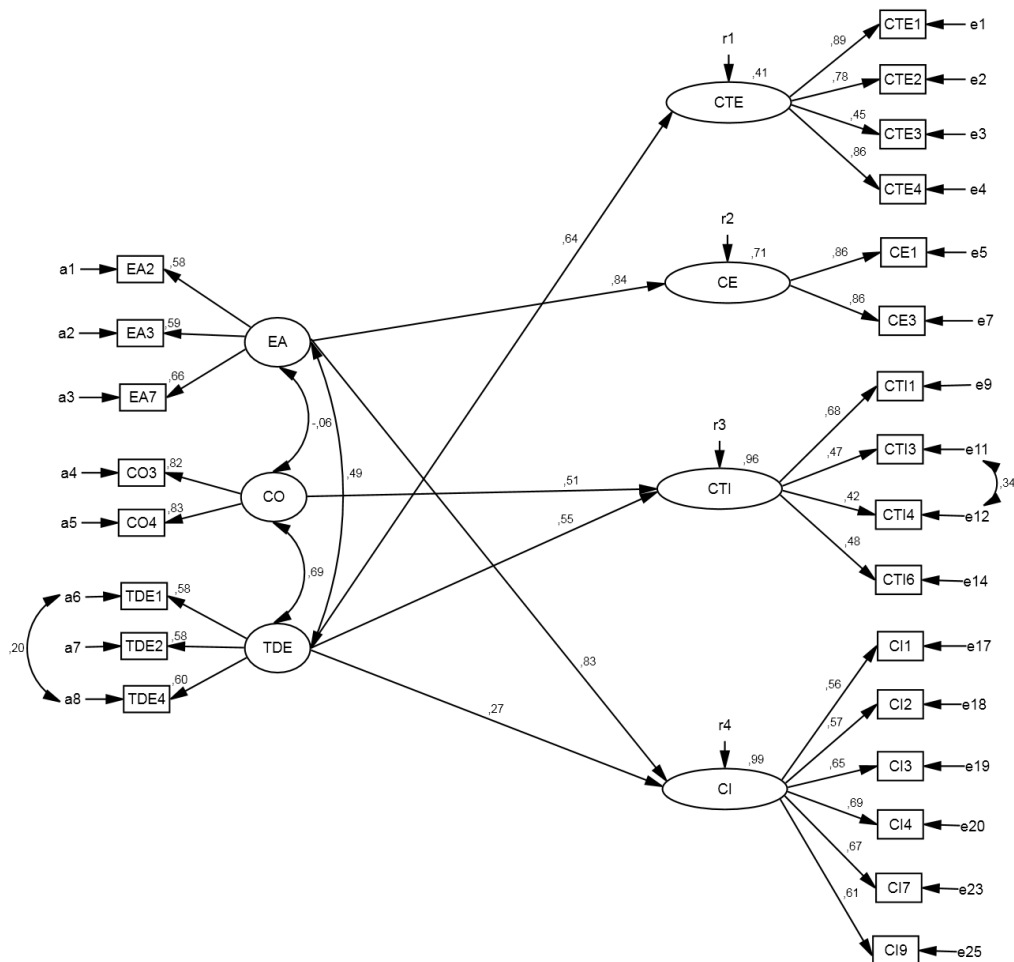


Figure 2 - Structural model.

As seen in Figure 2, the structural model indicates that environmental demands (EA) and strategic decision-making (TDE) are predictors of the provider's competency at 99%, while strategic decision-making (TDE) and operational capacity (CO) are predictors of the provider's technical characteristics (CTI) at 96%. User competency (CE) is predicted at a level of 71% for environmental demands (EA) and user's technical characteristics (CTE) at a level of 41% for strategic decision-making (TDE).

4.3 ANALYSIS

The results revealed reliability in the item-factor provision and its structure. When considering the ISSP scale, it is reflected around service processing which, according to

Djellal and Gallouj (2012a, 2012b), comprises four vectors in the public context, in view of the fact that the user is the service producer with the provider in its concept. This condition gives reason to believe that CP does not only refer to inconsistent rhetoric but its processing at the CSSs presents indicators which include adding value both to the PMDF and the population served, which are inter-related, in order to improve public security in the place they share. This possibility was proven in so far that it sought to elucidate, at the same level of analysis; in other words, from the explanation of the operational level of the PMDF that works at the CSSs, the CP service process through expertise and the devices used by providers and users to provide the service. When an alteration in any of these characteristics which form the service (or all of them) is found, we can consider that value was added to the final result. Along these lines, a high correlation between user competency (CE) and the provider's competencies (CI) can be observed (Figure 2).

This results are justified for due to the need, both by the CSS police and the population served by CP, to present and develop related competencies, in order to operationalize the service, representing a close relationship of the co-production required for its execution. In this regard, authors generally suggest that the police are resistant to changes to their skills and attitudes (CHALOM *et al.*, 2001; PONCIONI, 2013), while the population establishes presuppositions of tension with police organizations that include distrust and fear (MESQUITA NETO, 2004; OLIVEIRA JÚNIOR; SILVA, 2010; ROLIM, 2007), among others. However, it was noticed that the interviewees had a conception of a policing IS constructed from the relationship between the parties, due to the CSSs, as Gallouj (2002) advocates. For Cruz and Barbosa (2002b) and Poncioni (2013), this behavior is common in organizations that work with public security, as environmental pressures induce them to enhance their competencies in order to improve their operations. This result is confirmed by other studies on CP from the standpoint of the simultaneous mobilization of competencies to operationalize the service (such as in: BAYLEY; SKOLNICK, 2002; BENGOCHEA *et al.*, 2004).

On the SR scale, the phenomenon was addressed at the PMDF and it was detected that the operational capacities (CO) related to the CSSs and integration of the levels and positions in decision-making on these structures (TDE) present a high correlation. This finding is justified on account of the hierarchical and bureaucratic structure in which the PMDF is classified (CRUZ; BARBOSA, 2002a; OLIVEIRA, 2011). Since strategic decision-making results in fluidity of information and participation at the operational level and this does not take place, in accordance with a correlation of 74% between the constructs strategic decision-making (TDE) and operational capacity (CO), nor are operational capacities met, with a dissonance between what is necessary and delivered by the strategic to the operational level. Environmental demands (EA) do not reflect the stations' operational capacities; in other words, the CSS structure does not respect local community demands. Other authors who have researched CP of police organizations in Brazil have indicated similar results. In Mesquita Neto's (2004) study reporting the CP experience in São Paulo, dismantling the police, in terms of equipment and structure, was found and correlated, in symmetry with the strategic positioning of the organization studied. For Rolim (2007), the innovation perceived in CP is not the result of decisions made at the strategic level of the corporations (occupied by political police officers) nor the physical structure at the stations, decided by people who merely assume the operational needs of the CP service.

This previously developed perception provides reflections on the correlation between strategic decision-making (TDE) and user's technical characteristics (CTE). It is observed that the fact of having no fluidity of information between the operational and strategic levels results in a lack of operational capacity (correlation of 0.69 between TDE and CO in Figure 2). Therefore, the fact that the strategic level does not meet required operational demands generates a perception of a lack of technical apparatus from the population, which the respondents evaluate. Consequently, the community does not dispose of the devices, procedures and technologies used for their security; in other words, a low score in strategic decision-making is reflected in a population which acknowledges the corporation's lack of operational resources and therefore does not eliminate their technical security mechanisms. Internal operating conditions (the structure) influence the methods and technologies used to operationalize the service provision process as much as strategic decision-making, since the way the service is operationalized is in line with the dictates of the corporation.

According to the interviewees, environmental demands (EA) predict the competencies obtained by the police officers to execute their service (CI); in other words, competencies were added, due to the environmental context. This result is in contrast with the results obtained in another study, which describes that the population confirms there is little community interaction with the military police (TCDF, 2009). This discrepancy between the results could be explored in future studies, in which the influence of the variables of a distinct context between the two results is evaluated, particularly relating to the organization's arguments that it disagrees with this result, alleging that the research was not carried out in the CSSs' area of coverage and its aim was not to evaluate the CP model (UAG, 2010). The police officers' internal competencies are more influenced by environmental demands, the media and the population, while perception of the organization's strategic level has a lower influence than the population desires, naturally respecting the characteristic of the CSS, which exercises the function of being more aligned to the environment in which it is placed than the corporation. In a previous study, the capacity of environmental demands of predicting external competencies was confirmed in interviews and documentary analysis as, in the police's point of view, the knowledge acquired is in line with these demands. Examples of this are participation at talks, courses and socio-educational activities at the CSSs, in order to inform and prepare the population. Thus, it is recognized that the SR factor and its items predict ISSP, both in exploratory and confirmatory analysis.

5. CONCLUSIONS

The aim of this article was to demonstrate the influence that SR may have on ISSP, taking the PMDF CSSs as the case for analysis. Thus, a first exploratory contribution of a model of the relation between SR and IS at a Brazilian military police organization was tested with the construction of two scales. Evidence of exploratory and confirmatory scale validity was presented, emphasizing the theoretical contribution to the field of strategy with this implication, specifically at a public organization. The research results show that the structural relations postulated between the variables are generally corroborated by global sample analyses. It was noted that the interviewees had a view of IS in policing constructed from the relationship of the parties due to the CSSs. As in Menelau *et al.* (2015), this finding

shows that the CSSs are an ISSP, where it is observed that solving a problem is linked to the population's interaction with the PMDF police in a multiple relation of joint production, comprising the human, structural and operational characteristics of the service, as Gallouj (1997; 2002) establishes.

Second, it is also argued that with the SR found, although not all the presuppositions have been met, it builds on the efforts of developing the CP service provided at the CSSs, expanding the meaning of innovation at the PMDF and leading to increased content and receptivity. Similar findings, in which SR was a potential driving force to enlarge a small action, can be found in Mann (2002). However, the fact that the organization remained linked to other strategy paradigms but specifically on the dependence of decision-making of an elite group at the top of the PMDF hierarchy, leads to a state of internal strategic dissonance (BROWN, 1998; 2000), showing a discrepancy between strategic intention and operational capacities (BURGELMAN; GROVE, 2012; PRAHALAD; HAMEL, 2012). However, this does not constitute a barrier that limits innovation.

It is important to highlight the uniqueness of this research, both in the magnitude of data collection at a PM and the proposal of the relationship between SR and IS, as the main empirical and theoretical contributions. Although evidence of scale validation was obtained and can explain both SR and innovation of the police service, a number of limits should be highlighted: it is a restricted study on a single organization – the Federal District Military Police, which does not allow for a generalization regarding other military police services and similar organizations. It would be interesting to perform research on individual CP users, on representative samples of the Military Police in other states, and in other organizations and organizational contexts for both scales. A further study could be carried out in intercultural and transcultural terms, in order to evaluate the structure and consistency of these indicators and their predictions in police organizations in different countries, comparing the results with the Brazilian studies.

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BRAZILIAN NEW MIDDLE CLASS STRATAGEM: DIALECTICS OF CONSUMPTION AND RENEWAL OF THE OVEREXPLOITATION OF LABOR

O estratagema da nova classe média brasileira: dialética do consumo e renovação da superexploração do trabalho

Paulo Ricardo Zilio Abdala*
Maria Ceci Misoczky**

ABSTRACT

The argument of this essay is that the idea of emergence of a new Brazilian middle class was a stratagem adopted to create a positive agenda with transitory social consensus. In order to develop it, we return to the social class theory to discuss the stratification theory, which is the methodological and theoretical support of the so called new middle class. In addition to that, another possibility of analysis is presented, based on the theoretical propositions by Alvaro Vieira Pinto and Ruy Mauro Marini, two authors from the Brazilian social thought, articulating consumption, social classes, work and production as inseparable relationships, part of dependent capitalism contradictions. From these authors' perspective, it was possible to understand that the expansion of consumption, basis for the new middle class stratagem, temporarily improved the living conditions of people at the expense of deepening the overexploitation of labor, reproducing the development of dependency.

Keywords: New middle class. Dialectics of consumption. Non-consumers. Overexploitation of labor. Dependent capitalism.

RESUMO

O argumento deste ensaio é que a ideia da emergência de uma Nova Classe Média (NCM) brasileira foi um estratagema para a organização de uma agenda positiva com consensos sociais transitórios. Para desenvolvê-lo, retornamos à teoria de classe social para discutir a teoria da estratificação, suporte teórico-metodológico da denominada NCM. Adicionalmente, oferecemos outra possibilidade de análise a partir de dois autores do Pensamento Social Brasileiro (PSB), com a apropriação das proposições teóricas de Álvaro Vieira Pinto e Ruy Mauro Marini para articular consumo, classes sociais, trabalho e produção como relações indissociáveis inseridas nas contradições do capitalismo dependente. A partir desses autores foi possível compreender que, contraditoriamente, a ampliação do consumo, base do estratagema da NCM, possibilitou a alteração temporária da condição de vida das pessoas à custa do aprofundamento da superexploração do trabalho.

Palavras-chave: Nova classe média. Dialética do consumo. Não-consumidores. Superexploração do trabalho. Capitalismo dependente.

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INTRODUCTION

The emergence of what is supposed to be a new middle class (NMC) in countries known as ‘emerging’, and particularly in Brazil, was an important topic in the early 2000s. During the rising phase of the economic pendulum, particularly from 2008 to 2012, many people associated consumption expansion to the insertion of subordinate classes, a new frontier of capitalism expansion (WHEARY, 2009), and to national development (NERI, 2011).

In the crisis scenario that followed, the topic was forgotten. Nevertheless, academic studies still discuss the phenomenon, through different approaches. Many agree in criticizing the idea that there is a NMC and defend the expansion of social classification criteria beyond economic aspects. Kerstenetzky, Uchôa and Silva (2015) analyzed a set of indicators (based on secondary data comprising the years 2008-2009) to explore intra-class differentiation resulting from the level of combinations of capitals and resources (economic, social and cultural). Silva and Freitas (2016), defended the rescue of this topic about work in Organizational Studies (OS) and, in this sense, proposed to complement the economic income criterion with qualitative insights that can re-build narrative biographies. Despite the merit, particularly of the last study, they do not discuss social classification as a problem in itself. Let us remind that variables can be manipulated in isolation or combined to create indices using statistical calculations, which are reflective of the researcher’s choices more than of the objective conditions of social relationships. Specifically regarding the social classes theme, Stavenhagen (1981, p. 140) warns:

These categories, though many times generically addressed as classes, are just statistical categories (that is, a series of people who have in common a certain number of measurable characteristics, that is, a common status), or groups of people characterized by similar conducts, or common attitudes and opinions, or certain degree of interaction and mutual associations. In almost all contemporary sociological literature, the concept of social classes means: discrete groupings, hierarchized in a stratification system.

In other words, it is necessary to question the concept of middle class itself. In this sense, we discuss this definition in order to, later on, argue that, in our context, the idea of a NMC was a stratagem adopted by the government to organize a positive agenda. The term ‘stratagem’ is used with the meaning suggested by Schopenhauer (1923) to refer to the ways people argue to win debates, even when they are not convinced of their position. The supposition that it was a stratagem was developed in the study that originated this paper, concluded in the first semester of 2014 (ABDALA, 2014), when the so called social-developmental project was still in full force. According to Carneiro (2012), there would be subordination of productive forces’ development to social development goal. This objective would be reached through expansion and generalization of mass consumption, a supposition that had already been formalized in the 2008-2011 Multi-Annual Plan, which indicated “progressive incorporation of families in the consumer market of modern companies” (BRASIL, 2007, p. 11).

The basis of the stratagem was constituted from two interfaces: academic/theoretical and governmental. In the latter, several actions were combined involving incentive to consumption, as will be presented along the article generating short term results. In theoretical terms, what stood out was the adoption of the stratification theory, with strata arbitrarily defined and posing obstacles to the discussion on social structure and the comprehensiveness of classificatory criteria.

In this context, the stratagem, disclosed as strategy, combined the alledged reduction of poverty with more consumption, market expansion and economy growth; which was enough to please both a significant portion of the population and corporate sectors. So, this hid the fact that for many families, particularly those in the lowest income strata, increase in consumption improved life conditions and also increased indebtedness, many times requiring increase in work load. In other words, the change in low income families' life standards that was disclosed did not result in the transformation of the country's social structures, as advocated, for example, by Souza (2010) and Neri (2011). The stratagem was possible due to the ephemeral moment of rise of the economic pendulum which, however, fell, afterwards, towards the core of the crisis, as synthesized in Vieira Pinto's (2008) metaphor to explain the transitory episodes of economic growth in underdeveloped countries.

The presidential election campaign of 2014 and later happenings justified alerts and criticisms we used to make since 2012 (ABDALA, 2012; ABDALA; MISOCZKY, 2012; ABDALA, 2013; ABDALA, 2014a; ABDALA, 2014b) based on the study of consumption incentive from its own material determination, considering that needs met by social programs can't replace analysis and denouncement of their limitations from the position of live work, and in the re-take of Brazilian Social Thought classics through references to Álvaro Vieira Pinto and Ruy Mauro Marini's formulations.

At this point, we introduce another interface of this essay¹: the contribution to the debate on consumption topic in the field of organizational studies² (OSs). Gabriel, Korczyński and Rieder (2015) emphasize the need to include the consumer in theorizations on organizations, defending the idea that the frontiers between consumption and work, or between producers and consumers, have become less clear. What justifies this is the idea that consumers would assume tasks that are typical of producers, the *prosumers* (BAUER; GEGENHUBER, 2015), and because the commodification reaches previously unaffected social and economic sectors through the self with "self-commodification" of workers (CHERTKOVSKAYA; LOACKER, 2016).

1. The essay is characterized by its reflexive and interpretative nature, different from the classificatory practice in science: "instead of general objective, specific objectives, justification, theoretical foundation, and methodology that defines data collection and analysis criteria and those of conclusion, in the essay the guidance is given not by the search for answers and true statements, but rather by questions that guide subjects to deeper reflections". Moreover, "procedures for collection and evidences of the empirical world are not the core of sustentation of their form". However, one can't deny the importance of evidence as part of the production of knowledge (MENEGETTI, 2011, p. 321 and 326). This was the logics used to build this text; using theoretical propositions combined with the objective evidences as support to the NMC stratagem problematization.

2. In the last years, three special editions were published by international journals in the area of OS, dedicated to consumption: consumption and politics in *Ephemera* (2013); organizations and their consumers in *Organiza-tion* (2015); and consumption and work in *Ephemera* (2016).

We agree about the relevance of including consumption in contemporary debates in the field of OS, however not for the same reasons pointed by Gabriel, Korczynski and Rieder (2015), which are similar to those of Fontenelle (2015), Chertkovskaya and Loacker (2016), and Bauer and Gegenhuber (2015). We understand that the debate on consumption has always been important, even though neglected, since consumption and consumers are produced (considering production in a wide sense) in the ambit of the essential and contradictory relationships involving production, consumption and work. A close perspective led Bradshaw, Campbell and Dunne (2013, p. 206) to defend the idea that the relationship between production and consumption is political, “since even a pinch of salt must be collected by someone somewhere”, even when the common consumer is not aware of this fact. This hiding is sustained by scholars, since most of those who study marketing, consumer behavior and anthropology of consumption, including those who consider themselves to be critical, ignore the politics involving consumption, which is based on the valorization of cultural and symbolic elements (BRADSHAW; CAMPBELL; DUNNE, 2013).

Within the study on consumption in OSs, we are particularly interested in the dialogue with studies that approach them from the point of view of historical materialism. In this sense, we want to avoid what Fine (2013) calls horizontal theories, that is, studies on consumption marked by disciplinary and methodological frontiers that address the theme based on variables of their own field, that are conceptually and theoretically incompatible with the other fields. The author advocates the need to reveal, in addition to partial theories, structures, processes and social relationships, where consumption and consumers are inserted. His solution is different from the one we present in this paper, although we start from the same point, that is - it is necessary to insert consumption in social relationships of production and avoid falling into thinking through commodity fetishism, thus avoiding a supposedly superior status of consumption as an autonomous sphere. As an illustration, Armstrong (2013, p. 290) demonstrates how taste, which is an explanation for many consumption choices, is commodified, finding its origins not in the consumer rationality, but rather in the production sphere, as in the case of interior design. This process, according to the author, alienates the consumer, “subtracting the possibilities of human expressivity and, therefore, adding to the potential of mutual isolation”. Undoubtedly, consumption matters, as suggests the title of Fine’s paper, but can only be effectively understood when analyzed in combination with production and work (FINE, 2013).

For that matter, we propose the expansion of politics of consumption in OSs, bringing elements which have not been discussed enough to the scenery, such as social classes and specific historic and economic contexts. At this point, the combination between the dialectics of consumption, as proposed by Álvaro Vieira Pinto, and the dialectics of dependency, as proposed by Ruy Mauro Marini, offers an appropriate theoretical basis to reflect on the politics of consumption present in the construction of the Brazilian NMC stratagem, thus contributing to the recent debate in OSs in fields with which we share interfaces in an interdisciplinary way.

Vieira Pinto (2008, p. 324) proposes the dialectics of consumption and the existence of a group of non-consumers, people to whom consumption is an ambition, not a right. When this ambition – to consume – is realized, its practice is limited to “moments of balance rise, which soon returns, due to the pendular movement, to the downturn, the one when the buyer sees himself overwhelmed by the difficulty to pay the installments”. So, when

these non-consumers consume, indebtedness and its costs place them in a position of more vulnerability that may lead to the overexploitation of their labor force. This category comes from Marini's (1991a) proposition and refers to the mechanism through which the capitalist of the dependent country compensates the loss of value for central economies by means of deepening the worker's exploitation. The articulation of the two theoretical purposes contribute to demonstrate the importance and relevance of the theory of classes to understand social processes, like those involved in politics of consumption, and also the relevance of retaking propositions of thinkers who were dedicated to reflect on the specificities of our economic and social formation.

The present article begins with clarifications on the conceptual differences between class and stratification; it goes on with the construction of the Brazilian NMC as object of study based on secondary data; later, the propositions of the two authors mentioned above are briefly systematized, so that we can explicit our argument with indication on the renewal of the overexploitation of labor in the dialectics of consumption of participants of the so called NMC, expanding the debate on the politics of consumption.

CLASSES AND SOCIAL STRATA

The theory of social classes arises within the context of Marxist thought, although Marx did not explicitly formulate it. Even so, in his works, social classes are an analytical resource for different historical moments, providing the first hints for the development of the concept (DOS SANTOS, 1987).

In terms of general rules, antagonistic social classes express the essential contradiction of capitalism. Since it is an abstract theoretical category, social class will hardly be found in reality in its pure state, as Marx observed (2013). In the analysis of concrete social relationships, one must acknowledge that fractions of class are modified according to the development of each historical conjuncture and in each social formation. According to Marx (2013, p. 231), referring to his time and social background, not even in England, where capitalism was more advanced, pure classes could be found: "[...] there also, the medium and intermediate layers everywhere obscure the dividing lines [...]; this fact, however, has no importance to our analysis" because middle layers, though existing in different historical conjunctures, cannot be considered social classes in themselves; rather, they oscillate their position in the social relationships of production. For example, workers with high wages, low income owners of their production means, entrepreneurs who employ partially remunerated family work, and many other concrete situations share elements that confuse labor division. For that reason, these intermediary classes obscure the antagonism between fundamental classes. If the conflict among social classes is the motor of history, as stated by Marx and Engels (2006), the medium layers function, ultimately, as buffers that soften inequalities.

It is precisely the notion of conflict that disappears in the concept of class used in the social stratification perspective. Stavenhagen (1981, p. 133) remarks that, "[...] particularly in the North American sociology, and, as extension, in Latin American sociology, the concept of social class is identified with that of social stratification, leading to a total fusion of phenomena". In other words, the term "social class" receives new meaning, designating hierarchical groupings determined by criteria selected by the researcher.

Every stratification procedure, in its turn, faces the problem of choosing the base through which the hierarchy is defined. If the objective is to place people in a scale of importance, the factors used should be capable of objective differentiation. Thus, variables such as income and education can be manipulated in isolation or in combination to create indexes that are a result more of the choices of the researcher than objective conditions of social relationships. Therefore, a classificatory grouping, whatever is the complexity of variables used in the model, is a “statistical description that leads to stereotypes rather than to the understanding of social structures” (STAVENHAGEN, 1981, p. 143).

When stereotypes are taken as the reality of social distribution, the allocation of individuals in strata can imply a certain social mobility (STAVENHAGEN, 1981). One of the justifications is that by knowing the position in the hierarchy it would be possible to stimulate individuals from below to undertake an escalation towards the top, through the accumulation of individual merits (DAVIS; MOORE, 1981). This possibility of social mobility would also justify the disappearance of class antagonisms, strengthening equality of opportunities and meritocracy as values. “Consequently, stratification can also be considered as justifications or rationalizations of the current economic system” (STAVENHAGEN, 1981, p. 166).

The stratification theory, produced in the early 1960s, anticipated what is still observed in most studies on social classes, with the consequent elimination of the Marxist theory of classes, resulting in two interconnected processes: the rise of postmodern political theories and the so called cultural turn, occurred in the 1980s, from which studies on the individual and his identity gained prominence in face of collective concepts, as that of social class (STRANGLEMAN, 2008); and the transition to the model of flexible accumulation, “supported by the flexibility of work processes, work markets, products and consumption standards” (HARVEY, 2011, p.140). As a result, the social atomization is seen as something good and it is encouraged, while it is merged with the concept of alterity, that is, there are multiple individual realities and nobody is authorized to speak for another, since the “other” is something one can never reach.

Currently, the study of social classes is predominantly kept in this domain. Taking as an example the recent studies mentioned in the introduction of this paper, the discussions among those who criticize the concept of NMC are concerning the best criteria to define it, with no questioning of the choice for stratification theory based on a theoretical discussion on social classes. This logic is found in most studies dedicated to the middle class, mainly in those focused on social mobility, one of the favorite theme in contemporary Brazilian studies, as we will see next.

ABOUT CONCEPTS OF MIDDLE CLASS AND NEW MIDDLE CLASS

Since the 1950s, studies on middle class use a subdivision between traditional middle class and the NMC. While the first comprises “peasants, artisans and small traders”; the second refers to salaried workers not directly involved in the productive process (SAES, 1984, p. 3). In other words, middle class is, in traditional terms, mirrored on the petite

bourgeoisie³ historically bound to capitalism consolidation; while the NMC would be a modern phenomenon, associated to the rise of large corporations and the growth of directive and managerial structures.

The NMC is discussed since the publication of a seminal work by Wright Mills (1951) on white collars. Mills (1951, p. 65) identified, in North-American capitalism modernization, the growth of large bureaucratic organizations in the service sector and governmental organizations, verifying increase in the number of intermediary positions and the entry, in them, of previously self-employed professionals. For him, the distinction between the old and the new middle class corresponds to the difference between small capitalists that live off their estate and those non owner employess, “whose skills involve dealing with paper, money and people”. Thus, “one thing they don’t do is living of doing things [products]; instead, they live off the social machine that organizes and coordinates people who do things”.

In a historical leap, after five decades, the NMC received once again attention from media and scholars. The idea that there is a NMC being formed was widely echoed, based on chief transnational think tanks, which are important to establish a common sense on the theme. Authors like Bhalla and Kharas (2013, p. 6) (Kharas, 2010), associated to the World Bank, refer to the rise of the middle class in countries like Brazil, China and India, as “one of the most important happenings in the modern world”, leading the world income distribution to a “significantly more egalitarian” basis. This study joined other similar initiatives of the United Nations Economic Commission for Latin America and the Caribbean (Cepal), Organization for Economic Cooperation and Development (OECD) and the Secretariat for Strategic Affairs of the Presidency of the Republic (SAE)⁴ (BRASIL, 2013a). The explanation is mostly economic, with the NMC as a new market for transnational companies (KAHARAS, 2010); source of “entrepreneurship, purchasing power and political and social stability” (SOLIMANO, 2009, p. 43); “a motor to the global economy, creating jobs, and a new consumer market” (WHEARY, 2009, p. 75).

In this retake, middle class and new middle class are terms ingeniously mixed. The use of the word ‘new’ is a time reference designating people who have recently risen, people previously considered poor who were included in the market as consumers.

When considering the importance of the middle class expansion in economic growth, it is interesting to review the debate from past decades. As indicated by Graciarena (1971, p. 134), what historically guided discussions on the role of the middle class in Latin America was to know whether it would assume or not the same protagonism it had in the economic development of the USA and Europe, since the thesis of development of capitalism through the rise of the middle class “is based on the idea that the middle classes have an irrevocable vocation to capitalism and liberal democracy, and that is why it is supposed

3. The petite bourgeoisie as class layer is represented by high salaried or small owners of small businesses that are called middle classes. According to Marx (2011b), the petite bourgeoisie is a transition class that is supposed to be above class contradictions in general.

4. On the same date and event, held on September 25 in Rio de Janeiro, in addition to the special edition of *Poverty in Focus* that has already been mentioned, there was the launching of: Challenges in Middle Class Income: escaping from the trap of incentive to competitiveness – OECD; Structural Change for Equality: an integrated view on development – Eclac; and Determinants of Labor Productivity – SAE.

that, where middle classes are numerically and functionally important, the possibilities of capitalism in liberal democracy are higher. Then, what we have been studying, indirectly, was primarily the feasibility of capitalism and liberal democracy”.

Next, we bring to this discussion the theme of the NMC in Brazil. For such, however, some information is necessary to better understand the context and the definition adopted.

ABOUT THE SO CALLED BRAZILIAN NMC

From 2004 to 2012, the index of families' consumption grew above 3.9% a year, reducing to 2.9% in 2013 and to 0.9% in 2014 (GOMES; CRUZ, 2014). The period with positive performance can be largely explained by growth of the market and international price of commodities, a fact responsible for generating surplus in the Brazilian trade balance, which made possible the financing of consumption incentive and the investment in infrastructure (MARTINS, 2013).

Ignoring extreme determinations, analysts stated that the consumption by lower income groups was directly responsible for sustaining economic growth in years following the 2008 crisis (NERI, 2011). Such posture disseminated a partial truth, ignoring determinations of capitalism as a global mode of production in which internal decision centers of national economies have only subsidiary responsibility over capital movements seeking for valorization (HARVEY, 2011). In fact, if it is true that the consumption expansion policy was co-responsible for sustaining economic growth indices, it is also true that incomes from trade balance surplus financed this policy. Since the crisis resurgence in 2014, it was clear that internal consumption only delayed the harmful effect of the international conjuncture on the economy.

To clarify it, we analyze, next, the components for mass consumption incentive policy, based on Dweck, Chaves and Chernavsky (2013):

- a) Growth of minimum wage purchasing power – From January 2003 to 2014, there was real gain of 72.31% in minimum wage purchasing power, discounting inflation. Even so, according to the Inter-Union Department for Statistics and Socio-economic Studies (DIEESE, 2013), for a family with two children and two adults to have a decent life (including housing, food, education, transport, leisure, clothing, hygiene and minimum social expenses), in December 2013, the wage should be close to twice the R\$ 678 at the time. Despite that, the impact on the economy was direct, since around 25% of Brazilians have their incomes indexed by the minimum wage (DIEESE, 2013).
- b) Bolsa Família Program (Child benefit program) – The Ministry for Social Development and Struggle Against Hunger (MDS) itself presented Bolsa Família Program (BFP) as the main strategy for inclusion of families in the consumption market (BRASIL, 2013b). A survey by the Secretariat for Strategic Affairs (SAE) demonstrated that 30% of the growth of the so called NMC could be explained by BFP (BRASIL, 2012).

- c) Credit expansion – During the first Lula mandate, credit for individuals rose 169%; in the second mandate, 73%; and in the two first years of Dilma’s first mandate, 53%. In terms of relationship to Gross Domestic Product (GDP), in 2006, credit for natural persons represented 7%, going to 13% in 2010 and reaching 16% in 2012 (IPEADATA, 2014).
- d) Tax simplification and exemption in two acts: the national ‘simples’ and the individual micro entrepreneur (MEI) – ‘Simples’ is a unified tax collection regime directed to micro and small companies, created in 1996 and expanded in 2006, year when it became known as ‘Simples Nacional’ (BRASIL, 2008). This method of collection, unified among federal, state and municipal spheres, provides differentiated treatment for companies that adhere to the regime, such as facilitated access to credit and simplified processes to sell to the government and to export. MEI, on the other hand, was created in 2008, during the second mandate of Lula, and intended to increase formalization in labor market, transforming small service renderers into legal persons. It is undeniable that these programs represent social advances for those who live in informality; however they are not sufficient in terms of worthy work conditions. The opening of a business can be the only option for individuals without access to formal education who, therefore can’t compete for a good position in the work market. A survey by Sebrae (2012) on the profile of MEI users informs that only 16% completed higher education, 48% completed secondary school or technical school, and 36% had completed elementary school or incomplete elementary school. Also, regarding previous occupation, 25% were employees without formal contract and 23% were unemployed. In this context, Pereira (2012) considers that public incentive to entrepreneurship is a compensatory policy for the incapacity to include in the formal work market, so it actually serves to reduce the pressure for work social protections.
- e) Consumption exemption – This measure was used for the first time in 2008, as emergency measure in face of the international crisis. It was temporary, reaching durable products like white good appliances, cars and civil construction, forcing prices downwards by means of public financing. From 2008 to 2009, this incentive resulted in tax waiver of R\$ 3.74 billion (PIRES, 2009).
- f) Expansion of access to public services – By the way it is practiced, it also contributed to economic growth based on consumption logics. For example, if new roads or funds to keep them are lacking, concessions are made in exchange for tolls; if prisons are lacking, public and private partnerships are celebrated; to improve access to higher education, subsidized scholarships and financing programs are offered for students in private colleges (Pruni and FIES). Not to mention “Minha Casa, Minha Vida” Program, a large scale public housing program, accomplished through consumption and indebtedness mechanisms.

This set of actions had significant effect on economic activities until 2013, however, not without consequences. As we observed, the fall in commodities price resulted in reduced capacity to finance mass consumption incentives. The commercial balance, which,

from 2003 to 2012 presented a positive average annual result of US\$ 30.93 billion, was only US\$ 2.6 billion in 2013. In parallel, consumption incentives reached exhaustion because indebted families could no longer consume, particularly in a context of a deepening crisis. Moreover, 2014 presented the worst performance in terms of creation of formal jobs positions since 1999 (GOMES; CRUZ, 2014), a trend that continued in 2015, causing a negative consumer confidence index in March 2015, the first time since its creation in March 2011 (CONFEDERAÇÃO NACIONAL DO COMÉRCIO, 2015).

Regarding indebtedness, 59.6% of the families stated they had some type of debt in March 2014, while 10.6% were very indebted and 21.7% partially indebted. Among the latter, 73.4% were indebted to credit card administrators that practice monthly average rates of 11.22% and annual rates of 258.26%. Finally, 34.6% stated not to know how to pay due bills (CONFEDERAÇÃO NACIONAL DO COMÉRCIO, 2015).

Data shows the inconsistency of the NMC idea in face of facts. However, to support this argument, one must question the NMC idea from the theoretical point of view as well.

In Brazil, researches on middle class had a first important moment in 1960 and 1970 decades, having, as background, the discussion on its political role, while analyzing on which side of the social cleavage this stratum would be placed: along with the proletariat or along the bourgeoisie (ALBUQUERQUE, 1977; ARAÚJO, 1977; EVERS, 2003). Methodologically, the division between middle class and the proletariat class still was considered according to Mills (1951), based on the nature of their occupation: intellectual or manual. After this first phase of investigations, directly linked to the transplant of theoretical models, a gap occurred during the 1980s and the 1990s, with the exception of Quadros (1985; 1991), who insisted on reproducing Mills' theoretical model. In the 2000s, the interest in the theme reappeared, however emphasizing the NMC and stratification.

In contemporary studies, two approaches on stratification that are not mutually exclusive are outstanding: one associated to purchasing power and income; the other associated to social, cultural and psychological belongingness aspects (MACLENNAN, 2013). Income is the most frequent criterion, following the work by Lopez-Calva (2013), from World Bank, which places the vulnerability, that is, the risk to return to poverty, as defining criterion for an individual to belong to the middle class (FERREIRA *et al.*, 2012).

In Brazil, the most frequent concept was defined by a commission formed by SAE in 2012, a secretariat that respond directly to the president. Though also based on the level of vulnerability, the stratum limits were defined in a relative way. Brazilian population was classified into 100 levels, according to *per capita* family income, and the middle class was defined as residents in households with income classified between the 34th and 82nd percentiles, that is, between R\$ 291 and R\$ 1,019 per month as *per capita* family income (BRASIL, 2012). That represented 53% of the population, below the richer 20% richer and above the poorer 27%.

In order to better understand how the theoretical dimension of the Brazilian NMC stratagem was formed, one must consider the works by Marcelo Neri, researcher at Fundação Getúlio Vargas' Center for Social Policies (CPS-FGV), who participated in the Federal

Government from 2012 to 2015, first as Ipea⁵ president and later as Minister of SAE. While Neri was in charge, CPS/FGV published, from 2008 to 2012, ten studies on the NMC. Since the first study, Neri (2008) matched the NMC to class C – “the central class, below A and B and above D and E” – in other words, indicated that the term NMC was a new label for class C, defined as a “stratum characterized as the new economic protagonist in Brazil, being the result of labor market recovery and the programs for income transfers”. The simplification is evident: income structure is the foundation which places the middle class in the center of income distribution, and the middle class is middle because it is in the middle of the income structure. This tautology is a demonstration of the artifice to support the NMC stratagem. Accepting it implies, in fact, rejecting the name itself by which this social stratum became known, since it is logically impossible to use the prefix “new” to define what was just the “old” class C.

In opposition, we will present a heterogeneous set of researchers who share the problematization of the idea that a NMC exists.

In a book published months before the diffusion of the official concept by SAE, Pochmann (2012, p. 8) stated: “[...] what there is, in fact, is an alienating endless orientation, orchestrated for the sequestration of the debate on the nature and dynamics of economic and social changes, unable to allow the classist politicization of the phenomenon of transformation of the social structure and the comparison with other dynamic periods in Brazil”.

Souza (2010, p. 10) addressed a social grouping located between the traditional middle class and poverty, called by him as hard-workers: people who “[...] actively struggle, with energy and ingenuity, to escape from the mob and enter into the group of the entrepreneur and emerging petite bourgeoisie”. For him, disputes around the idea of NMC occur, particularly, in the political arena. The problem of this book, well characterized by Braga (2012), is the abandonment of the possibility of active resistance of the workers against the capital, as if people were willing to submit to any situation to increase their consumption.

Braga (2012, p. 15), in his turn, characterized the movement of rise of a contingent of poor people to the work market as the formation of a precarious proletarian class, proposing the “precariat” category. However, the work precarization category has the problem of covering up the overexploitation of work as a foundation of dependent capitalism, leading to the mistake of considering that there was a time when work was not precarious, a problem resulting from the adoption, without mediation, of a concept created for the reality of the European social-democratic state.

In order to advance the reflection on the NMC stratagem, we resort to Vieira Pinto’s (2008) proposition on dialectics of consumption and to the Marxist dependency theory (MDT), represented by Marini’s (1991a) work.

DIALECTICS OF CONSUMPTION OF NON-CONSUMERS

Álvaro Vieira Pinto is considered by some as the greatest Brazilian philosopher (OURIQUES, 2014), even though he is not an intellectual with wide acknowledgement. For

5. The Institute of Applied Economic Research is a public foundation linked to Planning Minister.

Gadotti (1990, p. 2-3), he “was, among the greatest Brazilian philosophers, the one who most researched our national reality in order to understand it and seek a meaning for the future”; besides, or maybe due to that, his thinking “cannot be considered dated work, a past reference”. According to Freitas (2015, p. 10), “Vieira Pinto wrote intending to announce the morphology of our inequalities. Plunged into oblivion, his rich and forgotten work has been object of new studies, from which we always learn that the work and the author deserve high consideration”. The present study is part of the current rescue of his work, retaking a classic of the Brazilian Social Thought with the necessary mediations to avoid anachronisms. Even recognizing the persistence of the structures that define our economic and social formation and the inequalities resulting from them.

Vieira Pinto builds the argument of “Sociologia dos Países Subdesenvolvidos” (Sociology of Underdeveloped Countries), published for the first time in 2008 and written in 1975 as notebooks, around the concealment of the “valley of tears”, figure of speech to define insurmountable social inequalities in the context of the underdeveloped country and the ways “science” acts to conceal the “valley”. Without considering the underdevelopment reality, defined by Vieira Pinto (2008) as generalized absence of sovereignty, the intellectual work helps to empty the fight to transform unworthy life conditions of a large portion of the population: the inhabitants of the “valley of tears”. Development would function, then, as a concealing narrative kept and reinforced by the work of ideologists – social scientists and other interpreters.

Among the ways used to conceal social differences is consumption, a term easily understood in common sense that, apparently, needs no definition. However, to understand its implicit logic contents, one must recognize that the current understanding is expressed by statistics and other mathematic and economic terms. For Vieira Pinto (2008), these descriptive operations are a problem *a priori* because they assume the adoption of some not explicit theoretical definition.

In this sense, to expand the concept of consumption, one must consider its material essence, composed of dialectic moments represented by two verbs: *consummate* – human action involving fabricate, make the object, the good, the consumable good; and *consume* – action that “[...] represents the annihilation, the denial of the consummated by the use man does of it, destroying it, obliging him to manufacture another object, equal or better than the previous one” (VIEIRA PINTO, 2008, p. 307-8). It is not possible to consume without consummating, neither are there reasons to consummate without consuming. Therefore, work is central. The positive work activity is to produce goods; while its negative activity is to make possible, with the salary, the consumption that makes the good disappear. Hence: “the purchase-consumption-disappearance-fabrication-of-other-item-sale-purchase cycle is sustained by work and reveals another important aspect that the analysis of the process makes explicit, namely, the human character, both positive, the ‘doing’ and the negative, the “undoing”, the “consuming”. This relationship also includes the “spending” and “wearing out”. Consuming is wearing out the object while using it; for such, it is necessary to spend economic values. In order to obtain money, it is necessary to wear oneself out, consuming one’s own existence working. This act of denial of oneself is positively remunerated with money in the form of salary (VIEIRA PINTO, 2008, p. 309).

As it is the most visible portion of the economic phenomenon, consumption can be used as a statement of abundance of a society that presents itself as plentiful. For the author, the advocates of this idea omit that the concept of consumer is not universal, and, while doing it, they cover up differences among social classes and economic and social formations. While considering them, Vieira Pinto (2008, p. 321-2) elaborates the distinction between consumer and non-consumer:

The consumer for whom consumption is a social habit exercised continuously in relation to everything he feels like, considers himself naturally installed in this condition due to a right that is inherent to him, and that he practices freely, without questioning whether all men equally have it. [...] The non-consumer, for whom consumption is an exceptional act, for whom the purchase of an object, sometimes for a banal or imperceptible use for the ruling class, assumes a psychological state of hope, anxiety and often of doubt about the reasonability of the decision, has to be, mandatorily, the individual who is not calmly conscious of the right to consume such thing.

Such proposition is still up-to-date as objective, material and historical conditions associated to underdevelopment, like poverty and the “valley of tears”, persist in our time. In an international study on social and economic inequality, data from 2001 to 2015 demonstrate the persistent and structuring stability of the Brazilian social abyss: in 2001 the 10% richer held 54.3% of the income, while the 50% poorer held 11.1%. In 2015, the 10% richer held 55.3% of the income, while the 50% poorer held 12.3%. These data evidence that social policies aimed to popular insertion via consumption failed in their stated objective of eradicating poverty (WID WORLD, 2017). In fact, Dornelas Camara (2014, p. 199), while studying *Bolsa Família Program*, had already alerted for the “expansion of precarious work positions, characterized by sub-employment” and their contribution “to maintain a reserve army of labor”.

However, even if poverty and inequality reproduction is similar to that of other historical moments, its mechanisms are changed and adapted. In the case of the NMC, the access to personal credit arises as a new element for non-consumers, making even sharper the problems observed by Vieira Pinto (2008). According to him, in order to consume and wear out goods, one must spend money. To have it, the human being increasingly wears himself out and does it to assure the accelerated flow of consumption that drives the feeling of incorporation of the value of the goods he owns. Such fact becomes more aggravated in the context of abundance and easiness to obtain personal credit, one of the faces of contemporary capitalism’s financialization. In an attempt to anticipate the pleasure produced by consumption, the individual borrows money, paying interests rates. As in a roller coaster that accumulates energy, the debt interests, understood as a form of wearing out that continuously reproduces itself without any additional type of consumption. This assures the expanded reproduction of self-denial, since this consumption of oneself does not have the compensation of replenishing the psychic or physical energy of consuming the goods. Debt is, in this sense, a wearing out of the being through work, acting in inertial conditions until it is interrupted by payment, which means postponing the possibility of immediate consumption.

This theoretical perspective contributes to overcome consumption analysis from the point of view individual and his or her personal accountability, addint to a previous warning by Bradshaw, Campbell and Dunne (2013, p. 211) from the context of central countries.

Contemporary consumption, therefore, has been built as a political sin that needs to be paid. Even when a powerful economy has come as promise of a high tide that would raise all, those previously placed at the margin of the consumption society, who suddenly experienced a growth in purchasing power, are now judged for having made choices in a state of inconsequent excess.

In order to contribute in this same direction, but taking into account the specificities of our context, and for a better understanding of the phenomenon under study, we turned to the theoretical complement of the dialectics of dependency as discussed by Ruy Mauro Marini (1991a).

DIALECTICS OF DEPENDENCY AND OVEREXPLOITATION OF LABOR

For Marini (1991a), capitalism is a worldwide hierarchic mode of production in which centers of accumulation and dependent regions are found in a global process of transfers of value to the first. Bound to this dynamics, Latin American countries were kept unable to seek balance of exchange terms, as this is a movement that would require technological and productivity leaps unattainable in a world marked by the international division of labor and reinforced by financial and technological monopolies. This configuration led capitalists from dependent countries to seek partial compensation for losses of value in international exchanges in the production sphere, directing efforts to more exploitation of labor.

The particular configuration of these processes in dependent economies was called by Marini (1991a) overexploitation of labor, a mechanism by which the capitalist increases surplus value production at the expense of more physical exploitation of the worker, remunerating him below the necessary to replenish his wearing out in production. The overexploitation is the foundation of dependent capitalism, and is a particular way of exploitation that has as the transgression of the work force value as a specificity, “reducing the worker life fund in favor of the fund of capitalist accumulation” (OSÓRIO, 2013, p. 49).

The main mechanisms of overexploitation presented in “Dialética da Dependência” (Dialectics of Dependency) were increase in work hours without increase in remuneration, increase in work intensity, and remuneration below the work force value (MARINI, 1991a). Later in his career, Marini (2000) added another mechanism: increase in work force value without increase in remuneration. Even though he does not discuss this as a main topic, this last procedure gains importance today.

The first mechanism, increase in work hours without increase in remuneration, extensively grows the absolute surplus value, expanding the time in which the worker pro-

duces beyond what is socially necessary for reproduction of the labor forces, increasing the exhaustion of the individual⁶ (MARINI, 1991a).

The increase in work intensity, on the other hand, is a strategy that presupposes the suppression of downtimes in the production process, without incorporation of technology, that is, at the expense of more physical wearing out of the worker. Marini (1979) warns that it is only possible to understand how the extraordinary surplus value is converted into relative surplus value by the increase in work intensity, when the whole economic cycle is analyzed, including the dialectic relationships of production and circulation. The increase in work intensity in sectors that produce wage-goods generates a contradiction. On the one hand, it expands the amount of values in use in circulation; while on the other hand, it reduces the proportion of work force value against the total value produced, especially in cases where the increase in intensity is not compensated by the increase in salary, which is typical in dependent countries. The combined effect of these two movements causes problems for extraordinary surplus value realization, since more value is produced and taken into circulation without increase in demand. This process forces the conversion of extraordinary surplus value into relative surplus value based on the reduction in goods prices (which is part of wage-goods), lowering the work force value.

Finally, the last mechanism mentioned by Marini (1991a) is the worker's remuneration below the value of reproduction of his work force, obliging him to deliver part of his consumption fund to the capitalist accumulation fund. For Osório (2013, p. 61), this is the predominant form of overexploitation, in addition to being the "grosser and less concealed way of violating the work force value".

One of the main criticisms to MDT involves the supposed inexistence of important advances in the analysis of dependent capitalism with regard to the analysis of Marx's capitalist mode of production. This criticism is based both on the lack of understanding of the particularities of the accumulation pattern based on labor overexploitation, and on the lack of knowledge about Marx's value law. What characterizes labor overexploitation in dependent countries is the fact that it "is better defined by more exploitation of the worker's physical force" (MARINI, 1991b, p. 5). Marx (2011a, p. 201) observed that "the work force only becomes a reality with its exercise. Through its action, the work, a certain amount of muscles, nerves and brain, etc., is spent, which requires renewal. While increasing expenditure, it becomes necessary to increase remuneration", therefore, increase in labor exploitation without proportional increase in salary is a form of transgressing the law of value, with constant setting of good price below its value, imposing to the worker a remuneration inferior to what would be socially necessary (MARINI, 1991a).

Osório (2013), even while admitting that Marx (2011a) knew that the transgression of the law of value was a contradiction typical of capitalism in certain historical moments, states that the particularity of Marini's thought is the understanding that work overexploitation in dependent capitalism acquires regularity, becoming a foundation, and not an exception. Moreover, understanding that labor overexploitation is the basis of the dependent accumulation pattern does not mean denying the increase in productivity, but rather to know

6. The extended work hours, even with increase in wages, finds its limit at the point in which the consumption provided by the salary is no longer capable of replenishing the energies spent in the production process, that is, finds its limit in the human nature itself (MARX, 2011a).

that “once in progress, the economic process based on overexploitation is transformed into a monstrous mechanism whose perversity, far from mitigating itself, is emphasized when the dependent economy resorts to increase in productivity upon technological development” (MARINI, 2000, p. 11).

For the argument of this essay, it is important to bear in mind that, in Brazil, non-consumers had, temporarily, important participation in the domestic market - those for whom consumption is an activity exercised mainly during the rising movement of the economic pendulum. However, the reproduction of the accumulation regime with overexploitation of labor makes impossible the occurrence of effective changes in the unequal social and economic structure. Hence, the expansion of non-consumers’ consumption is marked by uncertainties, a fact aggravated by indebtedness that may lead to the renewal of overexploitation of labor, as we are going to evidence next.

One of the criticisms of the NMC idea is the cut-off point defined by SAE – monthly R\$ 291 *per capita*. According to Dieese’s (2013) calculations, in order to buy a basic-needs grocery package, with nutrients necessary for an adult to live one month, R\$ 329.16 would be necessary – taking as a reference Porto Alegre city in June 2013⁷. A family from the so called NMC, with two adults and two children, placed in the minimum range of the stratum defined by SAE, would have R\$ 1,164 of income. Considering one minimum essential feed for each adult and a half for each child, the cost would reach R\$ 986.16; leaving R\$ 177.84 for all the other expenses in the month, including necessary expenses like clothing and housing. The mechanism of overexploitation by remuneration below the work force value is then clear, compromising the social reproduction in minimally acceptable conditions. By means of this dynamics, the capitalist appropriates part of the worker’s consumption fund.

With regard to the extension of work hours without increase in remuneration, data show increase in absolute surplus value.

Working hours in Brazil are regulated as maximum of 8 daily hours or 44 weekly hours. According to Brazilian Institute of Geography and Statistics - IBGE (2015), 28.2% of the Brazilian people work more than the weekly hours set by law. Considering that the supposed NMC is placed in the interval between the group of up to $\frac{1}{2}$ minimum wage and the group between one and five minimum wages, one can conclude that this stratum corresponds to 92% of the workers that work between 45 and 48 hours a week, and 82.3% of those who work 49 hours or more. In other words, non-consumers form the stratum that work more time, demonstrating the expansion of surplus value rate through the extension of work hours.

The last of the three classical mechanisms through which overexploitation of labor occurs is the increase in work intensity without the corresponding wage increase, the most difficult to demonstrate. In this sense, Luce (2013) uses statistics of diseases and accidents related to work as indicators of work intensity. In 2011, for example, “around one death event occurred in average every three hours, motivated by the risk resulting from work environment factors and also around 81 work accidents and diseases for each hour in

7. We decided to leave 2013 as a reference year, since it is closer to the diffusion of SAE’s definitions of NMC (BRASIL, 2012), making comparisons easier.

the daily work hours. In 2011, an average of 49 workers/day did not return to work due to disability or death” (BRASIL, 2011).

In addition to the three classical mechanisms of overexploitation, current discussions on MDT point towards another procedure: increase in work force value without the corresponding increase in salary. This can occur in two ways: through the increase in necessary goods in the worker consumption agenda, based on the historical transformation of the structure of needs, or through the education and qualification of the work force (MARTINS, 2013; OSÓRIO, 2013). The dynamics of transformations of needs result, over time, in the increase in work force value. This mechanism is important because it makes possible to understand the contradictions of mass market expansion from non-consumers’ consumption, who are still submitted to a labor overexploitation regime.

Marx (2011a, p. 201) advocates that there is a moral-historical element in the constitution of needs that form the work force value: “The extension of indispensable needs and the way to satisfy them are historical products and depend, due to that, on several factors, largely on the degree of civilization of the country and, particularly, on the conditions under which the free workers class was formed with their peculiar habits and demands”. Osório (2013, p. 52) follows Marx, observing that it is essential to think needs, in terms of time and space, considering “issues related to education, culture and habits under which the workers were educated, implying that basic needs can be provided in different ways.”

As the costs and financing of several goods previously considered luxurious sumptuary, such as television, cell phone, car, etc., they become part of the material needs and sociability needs of the worker, changing the social structure of needs. The popular consumption of these items, on the other hand, instead of representing change in accumulation patterns, creates a debate on the nature of social transformations that made possible its realization. For an individual with income in the low or intermediary group of the stratum of the so called NMC, the non-consumer, to acquire a cell phone for R\$ 600 in 10 installments, there is effort and risk. Since it is not a consumption that became possible through effective changes in social conditions, it ends up consuming the consumer. Data on the magnitude of indebtedness of families indicate that in the annual average for 2014, the percentage of indebted families was 61.9%, with 31.4% of them with some overdue bills, while 32.3% had no conditions to pay (CONFEDERAÇÃO NACIONAL DO COMÉRCIO, 2015).

The debt that is converted into interest payment is a form of transfer of value from non-consumers to the high classes via financial system, the same role played by inflation in previous stages of the Brazilian capitalist development, as Marini (2012) observed. Ironically, this process re-appropriates part of the value delivered to workers by means of increase in salaries and social programs. The result is a renewal of income concentration and capital remuneration at rates never witnessed before in the country. In 2013, the profit of the four largest Brazilian banks, Itaú Unibanco, Santander, Bradesco and Banco do Brasil, amounted to US\$ 20.5 billion, a figure higher than the Gross Domestic Product of 83 countries that same year (CURY, 2014).

Therefore, one can conclude that the overexploitation of labor not only persists, but is renewed under the apparent income and consumption expansion, reinforcing an accumulation pattern that works as an obstacle for transformations in the social structure.

So, the encounter of Marxist Analysis of Latin American Capitalism by Ruy Mauro Marini and Álvaro Vieira Pinto's philosophy with existentialist and materialist aspects provides a new way to understand the rise and fall of the NMC. From this perspective, one can verify the contradictions in the apparently simple act of consumption by popular layers, which can't be considered as the banal act of buying because it contains in itself the dialectics of dependent capitalism. What is revealed, then, is that the so called NMC can be better understood as a group of non-consumers who deny their own existence, while consuming and falling into debt, consuming themselves in the labor process.

FINAL CONSIDERATIONS

We advocate that, in our context, the idea of existence of a NMC was a stratagem adopted by the Brazilian government to organize a positive agenda. This stratagem was produced by the articulation of a set of governmental measures aimed at encouraging mass consumption and an arbitrary theoretical construction supported by the stratification theory. Amid a certain precarious consensus, we denounced the perversity inherent in its central contradiction. While consumption increase provides better living conditions to non-consumers (even though limited), indebtedness and overexploitation of labor consume the one who consumes.

It is clear today that governmental action concealed the inter-dependency of policies for consumption incentive and the favorable macroeconomic moment, overestimating internal decisions. From the theoretical point of view, the stratagem was supported by stratification theory, making possible for the NMC advocates to reach doubtful conclusions, such as the fact that more than half of the Brazilian population could be considered middle class (BRASIL, 2012; NERI, 2011). The penetration of the stratification theory as *modus operandis* of the structure of social differentiation in Brazil made even some critics of the concept of NMC remain stuck to it, limiting the discussion just around the relevance of classification criteria, just slightly touching the surface of the issue.

Such attitude is described by Álvaro Vieira Pinto as science of concealment, the way science acts in the sense of concealing the "valley of tears"; or by Bradshaw, Campbell and Dunne (2013) as concealment of the politics of consumption, the one that naturalizes social inequalities, turning away to cultural aspects. Without a concrete context in which the reality of our social formation is considered, the intellectual work helps emptying the struggle for the transformation of unworthy life conditions for large portions of the population. In this sense, the existence of the NMC works as a concealment narrative, reinforced by the progressive and evolutionary corollary of development (VIEIRA PINTO, 2008).

Following Vieira Pinto's warning (2008), we seek to understand the phenomenon in its context, indicating a possible path to expand the possibilities for criticizing the idea of a NMC. For such, we used two main resources: the first was the rescue of the theory of classes in Marxist view; the second was the valorization of classic studies of the Brazilian Social Thought, through the work of Álvaro Vieira Pinto and Ruy Mauro Marini.

The theory of classes brought back the category of work, avoiding the trap of the primacy of consumption sphere over production. With this perspective, contradictions

emerge as part of the dynamics of capitalism itself, rejecting the myth that effective and long lasting social transformation can occur without structural changes. Moreover, the theme of social classes is still practically absent in debates on consumption in the OSs field, while acknowledged authors like Fine (2013) state that this category is as important as the others, since financial disposition and not class position would prevail nowadays. Let's not forget that this author lives in England and, maybe, he is not familiar with indebtedness and overexploitation of labor in dependent countries, a context in which poverty is real and persistent. So, the present essay is a gateway for a debate that should be deeply addressed.

We consider that the dialectics of consumption re-establishes the ties of interdependence between consumption, social classes, production and work. From this analysis emerges the non-consumers category, those for whom consumption is not a right, but rather an activity practiced in a painful and uncertain way during the favorable moments of the economy. So we defend that those belonging to the supposed NMC would be better characterized as non-consumers, which is a situation that is aggravated by indebtedness and the need to pay debts.

While rescuing part of Vieira Pinto's intellectual work, we argue that his proposition of dialectics of consumption has great potential to be introduced in international debates on politics of consumption, as it makes a synthesis between critical political economy and consumption studies. The introduction of social classes in a debate that has already been established already established, on the need to approximate consumption, work and production in academic research seems to us particularly fruitful. We understand that such elements must be better developed.

The dialectics of dependency, on the other hand, as developed by Ruy Mauro Marini, brings other complementary elements to analyze the theme, also valuing the importance of the theory of social classes, but emphasizing the specificities of the dependent character of our economic and social formation. The transfer of value to central countries enlarges the difference between social classes in dependent countries. For Marini (1991a), the specific accumulation pattern based on overexploitation of labor engenders a particular mode of circulation, an adaptation in face of the fact that overexploited workers play a more important role as producers of value than as consumers (OSÓRIO, 2013). So, from the point of view of dependent countries, the fundamental moments of the capital cycle are split - production and circulation of goods. -(The)"effect is to make it appear specific in Latin American economy, the contradiction inherent to capitalist production in general, that is, the one that opposes capitalists and workers as sellers and buyers of goods" (MARINI, 1991a, p. 12).

The NMC stratagem defended precisely the idea that production and circulation spheres would come closer, while worker consumption played the role of protagonist in capital realization in a strengthened internal market. The increase in workers consumption as a result of a government policy of temporary incentives, created the idea that the accumulation axis was moving from overexploitation of labor to relative surplus value, an illusion justified by the diversification of the consumption agenda of low income families. So, we come to the conclusion that the NMC was a stratagem that reinforced the overexploitation of the non-consumers labor, inebriating them with promises of a new social condition from which they are becoming even more distant.

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BERNARD LONERGAN AND ALBERTO GUERREIRO RAMOS: DIALOGUES BETWEEN THE EXISTENTIAL SUBJECT AND THE PARENTHETICAL MAN

Bernard Lonergan e Alberto Guerreiro Ramos: diálogos entre o sujeito existencial e o homem parentético

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ABSTRACT

Bernard Lonergan has addressed, among other topics, the issue of human and ethical action, considering the possibility of a path of authenticity and moral achievement that occurs in a specific type of subject, whom he has called the existential subject. Based on this concept, we considered the possibility of a dialogue with Alberto Guerreiro Ramos, who has created the concept of parenthetical man, defined as a being that is rational par excellence, in his substantive dimension. The conception of this model of man goes in an opposite direction of the management theories based on instrumental rationality. Although Lonergan has not explicitly created a substantive theory, his concept of ethics and human good highlights aspects that relate to the substantive rationality. Thus, this theoretical essay aims to identify the possible connection between the parenthetical man and the existential subject, based on the perspective of human action and ethics. We identified that the authors have a similar comprehension of the world and of human relations, especially regarding the critical consciousness of the parenthetical man and the awareness of responsibility of the existential subject.

Keywords: Bernard Lonergan. Guerreiro Ramos; Ethic. Existential subject. Parenthetical man.

RESUMO

Bernard Lonergan abordou, entre outros temas, a questão da ação humana e ética, considerando possível um caminho de autenticidade e realização moral que se dá num tipo de sujeito, que denominou de sujeito existencial. A partir dessa concepção, vimos uma possibilidade de diálogo com Alberto Guerreiro Ramos, que criou o conceito de homem parentético, definido como um ser racional por excelência, em sua dimensão substantiva. A concepção desse modelo de homem vai de encontro à visão das teorias administrativas que se baseiam na racionalidade instrumental. Embora Lonergan não tenha criado, explicitamente, uma teoria substantiva, sua concepção de ética e bem humano destaca aspectos que remetem à razão substantiva. Assim, este ensaio teórico objetivou identificar as possibilidades de aproximação entre o homem parentético e o sujeito existencial, a partir das perspectivas da ação humana e ética. Identificamos que os autores possuem uma compreensão semelhante de mundo e dos relacionamentos humanos, destacando-se a questão da consciência crítica do homem parentético e a consciência da responsabilidade do sujeito existencial.

Palavras-chave: Bernard Lonergan. Guerreiro Ramos. Ética. Sujeito existencial. Homem parentético.

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1. INTRODUCTION

The Canadian philosopher, theologian and economist Bernard Lonergan (1904-1983), although little known in Brazil¹, is considered one of the most important philosophers of the twentieth century (HENRIQUES, 2010). His life was dedicated to the study of ethics, economics, epistemology and theology, focusing on authors of the theory of knowledge, on classical works of Greek philosophers such as Socrates, Plato and Aristotle, and medieval thinkers such as St. Augustine and Thomas Aquinas. In addition, Lonergan has accumulated great knowledge about modern and contemporary philosophy.

When coming across Lonergan's work and studying his research lines, especially his theory of knowledge – which deals with human action and its ethics, among other themes – we observed that, considering the importance and depth of his work, a dialogue could be established with the work of the Brazilian author Alberto Guerreiro Ramos. Guerreiro Ramos (1915-1982), still not duly recognized and valued in Brazil, is a sociologist who devoted part of his studies to the understanding of reason and of a science that properly underlies and understands human actions and social systems planning. During the time of studying and writing for his last work *A Nova Ciência das Organizações* (The New Science of Organizations), Guerreiro Ramos had contact with Lonergan's work and used it in his book, in the second chapter, as one of the references to elaborate a critique of the contemporary model of social science, in view of its substantive theory of associated human life.

Both authors, perhaps with distinct purposes, adopt ontological, epistemological, anthropological, and theological bases that are close to the same worldview², using similar – and some of them shared – foundations. An example is the use of classical metaphysics as a basis for their work. This led us to conduct a study in order to connect both authors theoretically. Given the complexity, depth, and intellectual greatness of them both, this endeavor focuses on the points where they seem to converge: the debate on human action and its ethical aspects from a substantive point of view. In this context, Guerreiro Ramos created the concept of parenthetical man, defined as a rational being par excellence, and reason is understood in its substantive and noetic dimension (GUERREIRO RAMOS, 1972, 2001; AZEVEDO; ALBERNAZ, 2006).

The idea of the parenthetical man goes against the view of administrative theories that are based on instrumental rationality and that ignore psychological implications and human nature. Guerreiro Ramos understood that the administrative theory could no longer legitimize the functional rationality of the organization, and thus believed that the parenthetical man model could provide the theory the “conceptual sophistication to confront issues and problems involving tensions between noetic and functional rationality” (GUERREIRO RAMOS, 1972, p. 243). In this way, the author sought a new science of organizations conceived on the basis of substantive reason.

1. This is explained throughout the essay.

2. This essay adopts the following definition of worldview: a fundamental orientation that can be expressed as a story or in a set of assumptions that one holds (consciously or unconsciously) about the basic constitution of reality. This orientation offers the foundation on which we live, act and exist (SIRE, 2012).

Although Lonergan did not explicitly create a substantive theory as did Guerreiro Ramos, his conception of ethics and human good is close to an approach that highlights aspects that seem to refer to substantive reason based on transcendental notions of being and value (COVARRUBIAS, 2013). For Lonergan, by placing value judgments in the decision-making process, a path of authenticity and moral achievement is possible in a type of subject that he called an 'existential' or 'responsible' subject (NEIRA, 2008). The subject knows what acting means and does so consciously (WEBB, 2013, p. 114).

Thus, based on Guerreiro Ramos's parenthetical man as a possibility for advancement in the theory of administration, and on the recognition of Lonergan's approach as complementary to Ramos contributions, this essay aims **to identify the possibilities of a theoretical dialogue between the parenthetical man and the existential subject, departing from the perspectives of human action and ethics**. We argue that it is in the complementarity of the categories (rationality, awareness level and conduct) that the model of parenthetical man contributes, according to Guerreiro Ramos (1972, p. 243), to the "[...] conceptual sophistication to confront issues and problems involving tensions between noetic and functional rationality". In addition, we advocate that there are elements in Lonergan's concept of existential subject that refer to substantive reason and that place value judgments in the decision-making process, collaborating towards the understanding of individuals in organizations that are no longer conditioned to behave in an operational and reactive way, but who seek to exercise their critical capacity and ethical reflection.

2. THE MODEL OF PARENTHETICAL MAN BY GUERREIRO RAMOS

Alberto Guerreiro Ramos inspired many works in the field of organizational studies; works that aim both to understand and to criticize or pose questions about his academic production. As Begazo and Agurto (2003) point out, there are scholars who consider him to be merely a theoretical author, distant from reality, and there are several others who recognize Guerreiro Ramos as an innovator, mainly for starting to rethink the role of man³ in the organizational world.

The work of Guerreiro Ramos is notably marked by a concern with the condition of contemporary man. For Azevedo and Albernaz (2006), it is an anthropocentric sociology, characterized by an "integral humanism"⁴, in which intellectual work denotes the centrality of understanding a human being in all his dimensions. It is possible to observe the conflicts between man and social systems, the need for an expanded understanding of human reason, and numerous traces of a sociology that seeks to consider the essence of the individual.

This "anthropo-theory", or the theory of models of man (VAZ, 2004, p. 4), by Guerreiro Ramos (AZEVEDO; ALBERNAZ, 2006, p. 5) is present in different moments of his life, his academic and political career, as well as in his Christian-Catholic education. Guerreiro Ramos reflected on the human condition based on the thoughts of Christian intellectuals, on

3. We are aware that, in this case, the word "man" is outdated and is not in line with the current norms of referring to gender. However, we decided to keep it in order to be coherent with the terms used by Ramos.

4. This is the term originally used by the philosopher and theologian Jacques Maritain (1945), who is one of the influences of Alberto Guerreiro Ramos.

discussions of social and racial problems (in which he strongly identified with black culture), on critical thinking as an activist, and on the human condition in market-centered society, in which social science, and more specifically, organizational theory and administrative theory (SOARES, 1995; AZEVEDO; ALBERNAZ, 2006) are inserted. The ethical commitment to social life (ARTEAGA, 2009), the engagement (BOAVA; MACEDO; ICHIKAWA, 2010), is clear in his work, in his perception of man, critical and conscious of reality. In his work, we can also highlight a search for an explanation of the national problems in the light of a national base, taking into account the local social and historical reality (DE OLIVEIRA, 2012; FLORES, 2015).

Over the years, Guerreiro Ramos is blunt in denouncing that the human condition – in its public/political or private dimension – is primarily marked by a functional rationality that guides human life and actions. This is a characteristic that stood out at the time and is currently in the agenda in Administration studies.

His work resonates in the field of Administration, mainly when it comes to issues such as autonomy and the man's search of sense when facing the problems of contemporary society. Discussing elements of reason is part of his concern, and this is crucial to understand his work and to make it possible to discuss man and his social role.

Guerreiro Ramos highlights in his studies – inspiring several subsequent works, such as Serva *et al.* (2015) – the substantive (or noetic) reason category. When explaining substantive rationality, he will emphasize the centrality of ethical judgment. This is precisely the reason inspiring researchers in the field of Administration. In their work, they seek a rationality that is opposed to that one commonly observed in traditional organizations (functional rationality), or they highlight the role of man in society and in the world of organizations that, “[...] because of substantive rationality [the man] is more aware of his role in the world, opening a discussion about the true logic of social action when this individual recognizes that the predominant system reduces his analytical capacity” (MUZZIO, 2014, p. 710).

Considering the conceptions of rationality, Guerreiro Ramos describes three models of man (anthropo-theory), as presented in his article *Modelos de Homem e Teoria Administrativa* (Models of Man and Administrative Theory). Guerreiro Ramos (1972, 2001) recognizes the existence of the operative man, the reactive man and, based on the state of the art and the theory of Administration, proposes a new model: the parenthetical man.

Guerreiro Ramos (1972, 2001) says that the operational man is the equivalent to the *homo economicus* of the classical economics. He is considered a resource within the organizational context; a resource that must be maximized in terms of the physical product. In this sense, the worker is seen as a passive being, programmable and adjustable to the imperatives of production maximization. Their motivation is calculated and driven by material and economic rewards and their personal freedom is not considered when it comes to the organizational model.

Guerreiro Ramos (1972, 2001) refers to the “reactive man” as the model developed by the school of human relations. He is the man for whom Administration aims to reinforce the behaviors of the specific organizational rationality. Ramos warns that despite the concern of the humanists with the workers, the objectives did not change and this

model of man still reflects a worker adjusted to the context of work and not to his individual growth or self-actualization. Such a situation gives rise to the “organizational man” and to the integration between individual and organization to the expense of individual awareness.

For Guerreiro Ramos (1972, 2001), this integration creates a problem, since it is not easy to separate what would correspond to the human being’s individual-private space and the organizational space. Consequently, in the integration between individual and organization, the “double character of rationality” is also ignored. Guerreiro Ramos then draws attention to the substantive or noetic dimension, which does not correspond to the standards of the administrative behavior, as outlined in the organizational man. In his words, “a human behavior occurring under the aegis of noetic rationality only may be administrative by accident, not by necessity” (GUERREIRO RAMOS, 1972, p. 243). The individuals, when placed in the organizational context, when feeling unable to make ethical judgments – such as judging the organization, its leaders and behaviors – can find themselves challenged with moral dilemmas arising from the tension between the ethics of conviction and the ethics of responsibility (SANTOS, 2012).

In his book *Administração e Contexto Brasileiro* (Administration and the Brazilian Context), Guerreiro Ramos (1983) uses a chapter to explore the theme ‘ethical tensions in organizations’. The author uses the terms ethics of conviction and ethics of responsibility, in which the first – also called the ethics of absolute value – is implicit in actions concerning values, while the second is contained in the actions related to purposes. Thus, these ethics are closely related to the rationality that guides the action of individuals; however, not necessarily in an antagonistic way. In his view, “one can admit congruence between the two ethics, to the extent that the qualifications and the nature of the work are consistent with the values of the individual. Consequently, except in extraordinary cases, no individual organizes their behavior under one of the two ethics specifically” (GUERREIRO RAMOS, 1983, p. 43).

When the human being finds the substantive legitimacy of their action, without the imposition of rules and following substantive reason, they act under the imperative of the ethics of conviction. When there is the imposition of rules and the legitimacy of acting is an attribute previously defined by the group to which they belong, the human being acts or behaves under the imperative of the ethics of responsibility, linked to instrumental reason (Table 1). In short, we have:

Table 1 - Synthesis of the main Weberian categories

| Social action | Criteria | Process | Ethic |
|--------------------------------------|-------------------------|-----------------------|---|
| Rational action referred to the ends | Functional rationality | Adaptation means/ends | Ethics of responsibility |
| Rational action referred to values | Substantive rationality | Valuing orientation | Ethics of conviction or of absolute value |

Source: Serafim (2001).

Guerreiro Ramos (1989), when demonstrating the loss of the capacity of the individual’s reason to normalize their own conduct, discusses what he calls the behavioral syndrome, characterized by the loss of capacity and the difficulty of performing actions

guided by ethics. In this sense, the author makes a distinction between behavior and action, as in Table 2 below:

Table 2 - Distinction between behavior and action

| CONDUCT | |
|--|---|
| Behavior | Action |
| Form of conduct based on functional rationality or in utilitarian estimation of consequences (common to human being and animals) | Typical of the agent that makes decision because they are aware of the intrinsic aim |
| The most important category: convenience | Most important category: substantive pattern of conduct |
| There is no generally accepted ethical content | It is an ethical form of conduct (that can be adopted universally) |
| Dictated by external imperatives (mechanomorphic behavior) | It recognizes the intrinsic value of the aims |
| It can be considered functional or effective and it is completely included in a world based on efficient causes | The human being acts, makes decisions and chooses why final causes (and not only efficient causes) influence the world in general |

Source: Serafim (2001).

In this line, the behavioral syndrome is a misrepresentation of the substantive notion of human conduct, becoming the basic characteristic of contemporary societies, which are the “culmination of a historical experience, now three centuries old, that tries to create a type, never observed before, of a human life associated with, ordered and sanctioned by the market self-regulating processes” (GUERREIRO RAMOS, 1989, p. 52). The incompatibility between the values of an individual – which are complex and not limited to purely economic reasons – and the values of the organization, requires from subjects what Guerreiro Ramos (1983) and Mannheim (1962) call the “self-rationalization” of conduct, which can be perceived in the characteristics of the parenthetical man. This type of man, although still a participant of the organization, has the psychological capacity to resist the harm organizations may cause to the human’s behavior (AZEVEDO; ALBERNAZ, 2006). The consciousness of this attitude would affect human awareness and conduct, allowing humanity a new phase in its process of associated human life. According to Guerreiro Ramos (1996, p. 48):

Consciousness comes when the human being or a social group reflects on these social and external conditions and guide themselves in face of them as a subject. It differs from naïve awareness, which is the pure object of external determination. The emergence of consciousness in a human being or social group necessarily signals the subject’s or group’s better comprehension of the conditioning factors. Compared to naïve awareness, consciousness is a radically distinct way of apprehending the facts, resulting not only in human conduct that is more alert and cautious, but also in an attitude of control over oneself and external control.

Guerreiro Ramos gets inspiration from the noetic rationality of Eric Voegelin (CAPELARI *et al.*, 2014), the classical Greek philosophers (Plato and Aristotle), the personalist philosophy (especially Jacques Maritain) and the phenomenology of Husserl and Heidegger, and creates a model of man that is more comprehensive than that responding to a high degree of functional rationality. Therefore, the parenthetical man emerges with “new priorities” (BULGACOV; CASTIGLIA, 2003), seeking to overcome the organizational dilemmas in an enlightened, engaged and critical way, capable of acting and reflecting. The parenthetical man is able to perceive and identify the conditions placed by personal and social factors, acting out of the reflections about his own values, examining the context, but also observing his own needs, with self-control and the ability to give meaning to their work (MOZZATO; GRZYBOVSKI, 2013; FLORES, 2015; BONDARIK; PILATTI, 2007; DURANTE; TEIXEIRA, 2008; SANTOS; SANTOS; BRAGA, 2015).

Thus, “the parenthetical man is ethically committed to values conducive to the primacy of reason (in the noetic sense) in social and individual life” (GUERREIRO RAMOS, 1972, p. 244). Additionally, he has the necessary autonomy and consciousness developed from value premises that do not let him be psychologically framed as happens in the reactive and operational models. The parenthetical man’s ability to “put the environment between parentheses” enables him to examine and assess the situations as a spectator, in the first moment, in order to then become a subject. It is the result of a self-determination attitude preceded by an understanding of the environmental and social conditions that affect him. In other words, the parenthetical man learned certain cultural skills that enable him to “[...] transcend, as far as possible, the circumstantial constraints that conspire against his free and autonomous expression” (GUERREIRO RAMOS, 1996, p. 11).

It is important to point out that this anthropo-theory is part of a project that Guerreiro Ramos carried out during his life. As he stresses in the preface of the second edition of his work *A redução sociológica* (Sociological Reduction) (GUERREIRO RAMOS, 1996), the “parenthetical attitude” is one of the three basic meanings of what he calls “reduction”. This attitude was first outlined in the chapter *Homem Organização e Homem Parentético* (Organization Man and Parenthetical Man), in his book *Mito e verdade da revolução brasileira* (Myth and truth of the Brazilian revolution) (GUERREIRO RAMOS, 1963). The other two meanings are (a) reduction as a method of critical assimilation of the foreign sociological production, discussed in the book *A redução sociológica* (GUERREIRO RAMOS, 1996); (b) reduction as an overcoming of sociology in the current institutional and academic issues, a topic addressed in *A nova ciência das organizações* (The New Science of Organizations). (GUERREIRO RAMOS, 1989).

3. ETHICS AND HUMAN ACTION FOR BERNARD LONERGAN: THE EXISTENTIAL SUBJECT

The Canadian philosopher, theologian and economist Bernard Lonergan (1904 – 1983) is considered by some scholars as the most important philosopher of the twentieth century (HENRIQUES, 2010). During his education, Lonergan studied authors related to the theory of knowledge, classical texts of Greek philosophers such as Socrates, Plato and Aristotle, medieval thinkers such as St. Augustine and Thomas Aquinas, and accumulated great knowledge about modern and contemporary philosophy. In his professional career, he

worked as professor, researcher and author of works related to ethics, epistemology, theology and economics.

His works and ideas inspired many admirers in several countries, such as Portugal, Spain, Canada, the United States and Colombia. Currently, there are more than ten research centers dedicated to his work, which produce research at master's and doctoral levels, and organize summits to discuss his thoughts and the impact of his contributions (HENRIQUES, 2010). However, there are few researchers in Brazil that know and cite Bernard Lonergan's production.

In a search conducted in the Scientific Periodicals Electronic Library (Spell) in March 2016, using the criterion "author cited", no work was found. During the same period, in the Portal of the Brazilian Digital Library of Theses and Dissertations – which gathers theses and dissertations published throughout the country, as well as those written by Brazilians abroad – the search for the keyword "Lonergan" in all fields returned only one Master's dissertation in Law, written in 1997. On the other hand, when searching for "Bernard Lonergan" in any part of the text, in the EBSCO Portal, 1,952 results were found – none of them produced by Brazilian authors. This information may indicate that Brazilian researchers are not familiar with the author, even though Lonergan is relatively relevant internationally. Therefore, it is important to briefly present Bernard Lonergan before approaching the focus of this essay, represented by his conception on ethics and human action, in which he develops the idea of the existential subject.

The book "Insight – A Study of Human Understanding", written between 1949 and 1953 and published in 1957, is considered the author's main work. Its reading is laborious, due to the influence of Latin in his writings, a language in which Lonergan was proficient. Lonergan called it a "self-appropriation project", because people are engaged in a process of self-knowledge, seeking answers in themselves and paying attention to their own knowledge. It is, therefore, an invitation to practice this process (HENRIQUES, 2010). Another work worth mentioning in his career is the book "Method in Theology" of 1964, in which he dedicates himself to a method of human understanding and envisions the ethical and religious scope that integrates the structure of the entire knowledge. Finally, another important work for this essay is "Collection – Collected Works of Bernard Lonergan", which is not well-known. It is important here because this work was used by Alberto Guerreiro Ramos when writing the second chapter of his work *A Nova Ciência das Organizações* (The New Science of Organizations). This collection presents shorter texts that cover Lonergan's work from 1943 to 1965 and discusses topics such as the proper foundation of metaphysics, the form of inference, the nature of love and marriage, and the role of the university in the modern world, among others.

As for Lonergan's epistemological position, he considered himself a critical realist because he sought to understand the conditions that allow knowledge and the man's role in the acquisition of conscious knowledge, and preoccupied with reality. For this, the author sought answers in the phenomenological analysis of human subjectivity, of the human subject throughout their conscious and intentional life (WALCZAK, 2008). Duffy (1996) argues that Lonergan's thinking does not represent a shift from critical philosophy to existentialism, but an integration of many of the concerns of existentialist writers within a critical realism.

According to this position, Lonergan understands that knowledge is founded by a judgment that verifies how understanding explains or interprets data correctly. In the same sense, the moral conscience has a basis in the concrete knowledge of human good and, based on this conception, the author works on the topic of human and ethical action, where our main interest rests: the existential subject. However, according to Webb (2013), Lonergan did not undertake an analysis of the existential subject as thoroughly as he did about the insight. Nevertheless, his conception and understanding of the subject, human action and ethics are directly associated with the way in which the author understood the possibility of knowledge. Therefore, a brief description is needed, systematizing the configuration of the existential subject.

Lonergan's theory of knowledge is based on the desire to know: an unrestricted, impartial and unbiased desire to know (HENRIQUES, 2010). For the author, knowing is easy; the difficulty resides in knowing the origin of the 'desire to know' and what happens in our minds when we have the knowledge. Knowledge comes from the self-appropriation by the subject, a thesis advocated in his work 'Insight', which he defines as a transcendental method, which goes beyond what is known and that underlies all types of knowledge (LONERGAN, 2010). The subject, in this sense and for the author, "is to be someone who performs intentional operations" (WEBB, 2013, p. 113). Through this line of argumentation of action, he builds a philosophy of consciousness to understand how we determine the characteristics of reality, that is, what we know by means of a **true judgment**.

For Lonergan (2010), knowledge occurs through insight, in a true noetic scope. Insight is not about methods, it is something that occurs when one understands and responds to a question arising from an experience, freeing us from the tension of inquiry. This would be the "insight", the capture of the concrete world through the senses, which can occur in all kinds of knowledge and sciences, as well as in common sense. According to the Institute of Noetic Sciences, the term "noetic" comes from the Greek *nous*, which means mind, inner wisdom, direct knowledge. As a discipline, it is a multidisciplinary field that brings scientific tools to study the full range of human experiences, i.e., subjective phenomena of consciousness, mind, spirit and life (INSTITUTE OF NOETIC SCIENCES, 2016).

The insights occur spontaneously, and one must ascertain whether they are correct or not. That is why Lonergan states that "knowing is identifying realities, through close experience, intelligent acquisition and reasonable affirmation" (HENRIQUES, 2010, p. 21). Thus, we have three basic ways of knowing, which form a threefold framework: a) experience provides separated pieces of information – experience data at the level of presentation/experiment; b) understanding captures a unity and explanations – level of intelligence/understanding; c) knowledge is only complete with the human act of judgment that captures a reality – level of reflection/judgment (WALCZAK, 2008). Within this possibility of knowledge, consciousness acts as the element that makes us connect things. With this argument, the author argued that it is only through the process of rational judgments and intelligent abstraction that we can identify realities.

In his philosophy of consciousness, Lonergan (2010, p. 317) understands consciousness as "an awareness immanent in cognitional acts" and argues that being conscious means performing the activity of thinking. He defines four levels of consciousness that are associated with the tasks of the proposed method of knowledge (DIMAS, 2014). In empirical

consciousness, the individual feels, perceives, imagines, speaks, moves; the human lives, but does not care about its meaning. At the intellectual level, the individual understands, expresses the meaning, decides the assumptions and implications of the experience: the questions are “what”, “why”. At the level of rational consciousness, we realize the judgment about the true and the false; certainty or probability of a proposition. The last level of awareness is that of responsibility and freedom in which we assume our operations, evaluate their value, deliberate on the course of action, make a decision and act (DIMAS, 2014; LONERGAN, 2010; NEIRA, 2008).

From these levels of consciousness different types of subjects are associated. At the first level (empirical consciousness), the individual only experiences in an immediate way, existing only as an experiential or empirical subject. When they proceed to search for meaning and manage to get an insight in an intelligible form, they understand the fragments of a whole in a coherent and structured way, they become a subject who is more than just experiential: a subject of understanding (intellectual level). From the critical reflection on the adequacy of the understanding, besides being an empirical and intellectual subject, one becomes a rational subject (rational level). Finally, when the individual knows and understands the meaning of their action and does it consciously at the level of responsibility awareness, the **existential subject** arises (DIMAS, 2014; WEBB, 2013).

The existential subject is committed, but understanding and judgment do not occur in isolation. The subject’s actions are contextualized for the pursuit of understanding and truth and, to a greater or lesser degree, is faithful to the ethical commitment (LONERGAN, 2012). From this understanding, Lonergan believes that the object of knowledge is the world as it is, in which the individual makes choices so that the possible becomes more likely. The individual operates with value judgments, deliberations and choices. In this sense and with this argument, **Lonergan invites the subject to be an agent, a subject who chooses, and shifts his theory of insight – an exercise of intentional consciousness – to the existential exercise and to the practical life of the subject in society** (HENRIQUES, 2010).

Thus, based on his network of understanding for the study of knowing, Lonergan presents the role of ethics when it comes to action and introduces the possibility of ethics as orientation for life, founded on the concept of goods (HENRIQUES, 2011). The insight typical of ethics, “which compels us and forces us to action, integrates good and goods, liberty and liberation” (HENRIQUES, 2010, p. 70). This ‘good’, for Lonergan, is based on Aristotle and refers to the reality desired and to our development as subjects who select “the world” in which we live. In this way, the intentional consciousness, presented in his theory of knowledge, is brought to the ethical discussion, but making the proper distinction and bringing it closer to the Aristotelian praxis, for which ethics is not practiced only through the acquisition of rules, but developing as moral beings and facing the domains of common sense (HENRIQUES, 2010). The ethical virtue in Aristotle is that which acts in practice, in the practical behavior and in the way of being in the search for the ‘Good’ (REALE; ANTISERE, 2005).

In the development of Lonergan’s work there is a shift in the emphasis on “authenticity” and a distinct “notion of Good” (DUFFY, 1996). There is a refinement and a more adequate expression in later writings than that which is presented in the book *Insight*. In the book, the ‘good’ was the intelligent and reasonable. In *Method in Theology*, ‘good’ is related

to questions for deliberation: is this worthwhile? Is this truly good or only seemingly good? There is an intentional response based on values and value judgments made by a virtuous or authentic person with a good conscience. Metaphorically, the intention of the 'good' is the "glue" of human consciousness (DUFFY, 1996).

In order to achieve the 'Good' we must seek the liberation of blockages and distortions, in a process that has advances and setbacks, located at the level of consciousness of the existential subject. Thus, when comparing the cognitive sequence of knowledge, "experience, insight and judgment", with ethics, there are "goods, liberty and liberation": "We desire and experience goods. We reflect and understand freedom. We try and perform acts of liberation" (HENRIQUES, 2010, p. 71). For this type of ethical insight, it is crucial to confront the realms of common sense that are interested in practical solutions (experiential subject), offering an inarticulate deduction and an incomplete set of insights. In order to confront these domains, one asks questions about what is worth the effort and what leads one to commitments and responsibilities (rational subject and existential subject), questions such as: what am I doing, is it worth it? Is it something really good and valuable or is it only good in appearance? (NEIRA, 2008). **We are dealing, at this point, with the field of decision-making and value judgments.**

This type of questions is linked to moral self-transcendence, i.e., what gives orientation to the personal life and to the life of the people around the individual, as well as to the achievement of what is considered by the agent as true, essential, and valuable. Self-transcendence is possible insofar as we are not locked within ourselves. We seek to go further, through and beyond, as in the questions mentioned above (NEIRA, 2008). This explanation is presented by Lonergan when he differentiates the terms "self-transcendence" and "self-regarding".

Self-transcendence as an operative process in terms of decisions and deliberations is associated with value judgments and the existential dimension, in which an individual or community has to decide what they want to do with their own destiny and life, that is, seeking human freedom. The processes of discernment are formed from the value judgments, and then it is possible to make decisions (NEIRA, 2008).

4. THE POSSIBILITY OF COMPLEMENTARITY: LONERGAN'S CONTRIBUTIONS TO THE MODEL OF THE PARENTHETICAL MAN

After this brief presentation of the foundations of Bernard Lonergan's work, it is possible to resume the discussion on the model of the parenthetical man developed by Guerreiro Ramos and look for elements that allow to establish connections between the visions of both authors and their models of man/subject. To start, Table 3 shows the main categories of analysis used to correlate, in a complementary way, the two types of man/subject discussed in this essay.

Table 3 - Synthesis with the main categories of analysis shared between the parenthetical man and the existential subject

| | Parenthetical man | Existential subject |
|------------------------|---|--|
| Concept | A rational being par excellence, who seeks to overcome dilemmas and act in a clear, engaged, critical way, and using the capacity of acting and reflecting (MOZZATO; GRZYBOVSKI, 2013; FLORES, 2015; BONDARIK; PILATTI, 2007; DURANTE; TEIXEIRA, 2008; SANTOS; SANTOS; BRAGA, 2015). | The subject is a “doer”, able to understand the meaning of their actions and act in a consciously responsible way, based on value judgement, freedom and responsibility (DIMAS, 2014; MORELLI; MORELLI, 1997; WEBB, 2013). |
| Rationality | The actions are based on their own reason and inherent attribute of the individual as a creature of reason: noetic and substantive rationality, of a true and self-evident nature, that allows the quest for freedom, autonomy and self-actualization (DENNIS, 2009; GUERREIRO RAMOS, 1972, 2001). | |
| Level of consciousness | Both types of man/subject are transiting between the level of rational consciousness and responsible consciousness, and man/subject's knowledge, experience and action are complete only with the human act of judgement and reflection. In this more advanced level of consciousness (responsibility and freedom), both the parenthetical man and the existential subject are able to ethically and rationally deliberate on the paths of action and decision (WALCZAK, 2008; DIMAS, 2014; LONERGAN, 2010; NEIRA, 2008). | |
| Conduct | The conduct of these types of man/subject is not guided by models and conducts dictated by external imperatives, such as political or social structures. In this way, they do not “behave”, but “act” in a conscious way upon the intrinsic objectives of the actions (GUERREIRO RAMOS, 1972, 2001; SERAFIM, 2001; WEBB, 2013). | |

Source: Elaborated by the authors

Based on these “encounters of meaning” between the categories of analysis in Table 3, we were able to sustain the assumption that both authors belong to a similar worldview, a similar way of understanding/seeing the world and human relations. From the analysis of the two authors' works, we believe that they have points in common that can correspond to a very close form of thinking about the human condition. The most important similarity is the question of the critical consciousness of the parenthetical man and Lonergan's notion of awareness of responsibility. Both reflect a deeply developed awareness of the value assumptions of the subject in action; a subject who seeks to free himself from “social naiveté”, through the possibility of transcendence from the world as it is presented, and to act in such a way as to guide the subject's personal life and the life of the people around, based on what is considered to be essential and true, seeking freedom, autonomy and self-actualization (AZEVEDO; ALBERNAZ, 2006; GUERREIRO RAMOS, 1972, 2001; NEIRA, 2008;).

The similarity between Alberto Guerreiro Ramos and Bernard Lonergan is also observed in the fact that some authors are used by both of them, especially the philosopher Aristotle. In the work “The New Science of Organizations”, Guerreiro Ramos (1989) emphasizes that for classical theorists, the human being is a political being (*zoon politikon*), endowed with reason and ethical imperatives, different from other animals. The author

resorts to Aristotle to explain that, as a social being, man also calculates, as an economic agent, but in his private space (family); as a political being, man seeks to expand the good character of humankind (social interests).

Also departing from Aristotle and his metaphysical orientation that says that “all men by nature desire to know” (ARISTOTLE, 1984, Book I (A), 11), the philosopher and theologian Lonergan elaborates his theory of knowledge that assumes that “knowledge” and “desire” are two inseparable instances. Thus, what Lonergan called insight – that which is accomplished while the subject is understanding – is equivalent to “form” in Aristotle (OLIVEIRA, 2011).

In addition to Aristotle, it is worth mentioning the philosopher, historian and political scientist Eric Voegelin. Although there are points of contention between Lonergan and Voegelin, both are seen by Eugene Webb (2013) as “philosophers of consciousness”. Guerreiro Ramos could also be included in this classification because of his reflections on the human condition. An aspect in common in the works of Guerreiro Ramos, Lonergan and Voegelin is the inclusion of philosophical conversations and authors of the classical and medieval period, bringing this content to offer bases to reflect on the human condition and the virtuous action in current times, as pointed out by Azevedo and Grave (2014) referring to Guerreiro Ramos. Also, according to Guerreiro Ramos (1989), Voegelin strongly criticized the neglect of the content of classical works such as Plato’s and Aristotle’s.

When thinking in terms of the possible complementarity or incorporation of Lonergan’s legacy to the understanding of Guerreiro Ramos’s works, especially when it comes to the notion of the ‘parenthetical man’, it is possible to observe in Lonergan a potential “method” to help, theoretically, in the construction proposed by Guerreiro Ramos. In other words, the way that knowledge and the levels of consciousness are defined by Lonergan are an invitation and a practical exercise for the person to pursue self-knowledge and answers from within (HENRIQUES, 2010). Guerreiro Ramos, when tracing the models of man and pointing to the parenthetical man as a “psychological capacity that would enable people to resist the harms organizations may cause to the human’s behavior and psychology” (AZEVEDO; ALBERNAZ, 2006, p. 5), does not clearly or methodologically present, how this would happen. Guerreiro Ramos, in his book “The New Science of Organizations”, which was published after his work on the models of man (1989, p. XVII), emphasizes that his work is the fruit of more than 30 years of research and reflection. However, the author also makes it clear that his study is only a start, for “it does not connect all that the new science consists of”. It is a proposal of theoretical and operational study that was intended to be continued throughout his life.

Considering this, it makes sense to observe the contribution of Lonergan, who offers a method of analysis of human operations that allows better self-appropriation and orientation, in a way that our life can move in the direction of human authenticity and progress. We saw, therefore, a possibility of associating Lonergan’s method as an alternative of action and reflection for the parenthetical man. Lonergan identifies a rational subject at their level of rational consciousness; however, at the level of responsible consciousness, he admits a responsible subject or an existential subject, who resembles the model of the parenthetical man because he is a subject who, more than just being someone who ‘knows’, becomes a ‘doer’: he deliberates, evaluates, chooses and acts. In this way, the subject’s

acting is free and responsible, but what gives meaning to action is the value judgment that guides the conduct. In the same way, the parenthetical man's conduct is guided by the lucid dimension of reason, that is, the one that "has a highly developed critical consciousness of value assumptions present in daily life; is able to understand the dictates of substantive reason, as opposed to the conditioning factors of behavior defined by external impositions" (JACOMETTI *et al.*, 2013).

Lonergan's existential subject is the one who "knows what acting means and who does it consciously" (WEBB, 2013, p. 114). Therefore, the conduct, as well as the conduct of the parenthetical man, is not limited to simply "behaving", based on what is dictated by external imperatives and by convenience. On the contrary, the existential subject's conduct refers to "action", that of an agent who deliberates over things, because they are conscious of intrinsic purposes (SERAFIM, 2001). Both the parenthetical man and the existential subject are susceptible to existential tensions; however, they recognize, by value judgment associated with the predominance of a substantive rationality, the intrinsic value of the purposes.

The rationality of the parenthetical man is the reason itself, as defined in its substantive and noetic sense, as conceptualized by Karl Mannheim and Eric Voegelin, respectively (GUERREIRO RAMOS, 1972, 2001). Rationality, therefore, is seen understood as,

[...] the coordinated process of study, that seeks to identify patterns of order of the associated human life, patterns that are self-evident to the individual, regardless of the specific political and social structures [...]. These patterns do not arise from, or depend on, the opinion of the majority or the result of the interaction between divergent interests. They are true and self-evident [...]. (DENNIS, 2009, p. 204)

This same noetic sense of inner wisdom and direct knowledge is found in the concept of insight, as used by Lonergan (HENRIQUES, 2010; WEBB, 2013). Thus, both the existential subject and the parenthetical man have spontaneous insights – in a transcendental way – that enable the performance of intentional operations to determine the characteristics of reality through **true judgement**. The substantive or noetic rationality seems to appear in the same way, due to their self-evident nature and consciousness of the political and social conditioning, in order to overcome such conditioning.

5. FINAL CONSIDERATIONS

The density and depth of Bernard Lonergan's work requires an unusual effort to achieve a complete understanding, and the same is true for Alberto Guerreiro Ramos. Both authors present new elements, and new perspectives and understandings are obtained each time their work is studied. Nevertheless, it was possible, in this pioneer exploratory essay, to make a first attempt of bringing these authors together, by focusing on the two concepts they worked with, concepts that were presented in the objective established for this study.

Throughout this essay, we sought to show the two authors' views of man (existential and parenthetical), which are, at the same time, unique and complementary. Unique

because they deal with an ethical dimension of human action that has designs and propositions of their own and very close to each other. Complementary because their similarities in designing the theoretical concepts allows us to envision the future operationalization of the categories proposed in this essay: rationality, level of consciousness and conduct.

It is precisely due to this complementarity of categories (rationality, level of consciousness and conduct) that we believe in the contribution of this essay to Guerreiro Ramos' observation that "the model of the parenthetical man may provide administrative theory with conceptual sophistication to confront issues and problems involving tensions between noetic and functional rationality" (GUERREIRO RAMOS, 1972, p. 243).

When we see, in the existential subject, elements that refer to substantive reason and that place value judgments in the decision-making process, there is, in our view, a contribution to the understanding of individuals who, within organizations, are no longer conditioned to behave in an operational and reactive way, but seek to exercise their critical capacity and ethical reflection. Researchers of organizational studies and managers in organizations, must learn to identify such dimension of the subject and not repress it, considering this dimension as a potential of creativity and expression in one of the dimensions that make up human existence.

There is a possibility that, when seeking to identify the possibilities of bringing the parenthetical man and the existential subject together – from the perspective of human and ethical action – we found more than an association between the two categories of condition of human action: we also discovered a theoretical-empirical possibility of understanding human action based on substantive reason and its transcendental nature.

We hope to have achieved the goal proposed in this essay and the next challenge is to insert Lonergan's legacy on the theory of knowledge, human action and ethics, in the context of theoretical-empirical studies in the field of organizational studies. Our reflections could contribute to further studies on substantive rationality and existential rationality, ethics of conviction and ethics of responsibility, as well as the existential tension between such ethics.

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ECONOMIC VOTING IN BRAZILIAN PRESIDENTIAL ELECTIONS: EVIDENCE WITH PANEL DATA FROM MUNICIPALITIES IN SÃO PAULO

Voto econômico nas eleições presidenciais brasileiras: evidências com dados em painel de municípios de São Paulo

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ABSTRACT

This paper uses a new data panel of 625 Brazilian municipalities over 5 election years to analyze the influence of the local level economic performance on the proportion of votes obtained by the incumbent in national elections. We examine municipalities from the State of São Paulo, the most populous Brazilian state, using fixed-effects and random-effects models. The results suggest that the performance of the local economy is relevant in the national elections. Apart from that, the results also suggest that the mayors play an important role in the national elections when it comes to transfer votes that are favorable to the coalition in power and that the richest municipalities tend to be more opposition prone.

Keywords: Elections. Voting behavior. Brazil.

RESUMO

Este artigo utiliza um novo painel de dados de 625 municípios brasileiros em 5 anos eleitorais para analisar a influência do desempenho econômico no nível local na proporção de votos obtidos pelo candidato incumbente nas eleições nacionais. Examinamos municípios do estado de São Paulo, o mais populoso estado brasileiro, usando modelos de efeitos fixos e aleatórios. Os resultados sugerem que o desempenho da economia local é relevante nas eleições nacionais. Além disso, os resultados também indicam que os prefeitos desempenham um papel importante nas eleições nacionais ao transferir votos favoráveis à coalizão no poder, assim como os municípios mais ricos tendem a ser local mais propenso a um voto de oposição.

Palavras-chave: Eleições. Comportamento eleitoral. Brasil.

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1. INTRODUCTION

This paper analyzes the relation between the local level of economic growth and the proportion of votes obtained by the presidential incumbent. The literature in the area has different conceptual definitions for economic voting – it can mean votes for the chief executive, government, cabinet or coalition, opposition, parties or volatility across elections (DUCH; STEVENSON, 2008). Here, we define economic voting as the vote choice for the reelection of president or for the designed candidate for succession. We also investigate the main municipal public expenditures that have an electoral impact on the incumbent votes and how these relations are affected by the political alignment between the president and mayors. More important than controlling for confounding factors, we want to understand how the municipality and mayors affect the propensity of incumbents receiving votes.

The municipality is the most local political administrative unit that has elections in Brazil and it is administered by a single mayor and a municipal council, and normally, mayors are the main representatives of higher level governments (governors and presidents) at the local level. Besides, analyses of Brazilian presidential elections are of special interest per se, even though we are only analyzing presidential elections in municipalities in the State of São Paulo's. Since the election of President Luiz Inacio Lula da Silva, the determinants of voting for incumbents in Brazil have been exhaustively discussed (HUNTER; POWER, 2007; NICOLAU; PEIXOTO, 2007; SINGER, 2009, 2012; ZUCCO, 2008).

While the analysis of Brazilian elections per se is of great importance, there is an additional factor of relevance in this paper, due to the relative absence of studies about the impact of local level variables in national elections. The main hypothesis is based on the economic voting theory, which suggests that incumbents have more chances of being re-elected, or of ensuring the election of their successor, when the economy is going through a favorable period (ANDERSON; MORGAN, 2011; DUCH; STEVENSON; 2008).

As indicated by Fernandes and Fernandes (2017), local economic factors tend to be perceived by voters in a more intense way than the growth of the economy as a whole. This is a real phenomenon in the Brazilian experience due to its large territory and the size of the population, where the huge distances make economic expansion a phenomenon that is necessarily local, even if we take into account only the votes in São Paulo, which is the most populous state, with 43 million people – the same as Argentina – and whose territory is larger than the United Kingdom. For example, the growth of an industrial cluster in the Brazilian Midwest may be the result of the closure of industrial plants in some areas of Sao Paulo. At the state level, the aggregate impact can be positive or negative, but in a disaggregated way, these are very different local economic experiences.

Therefore, we intend to contribute to this emerging literature introducing a new dataset to analyze whether local level economic and expenditure variables are determinants of support for the incumbent candidate. We analyze a sample of 625 municipalities in the state of São Paulo, the most populous Brazilian state, using panel data taken from the presidential elections of 1994, 1998, 2002, 2006, and 2010.

We bear in mind the fact that in our analysis we are taking into account the economic effects that most closely impact the voter's life. In doing so, we examine whether the

economic effects that are closest to the daily life of the voters are important when it comes to defining their broader electoral preference in the national election. We use data of the municipal growth in energy consumption *per capita* as a measure of economic growth in order to test the hypothesis that voters tend to reward the incumbent party that had a good economic performance. We prefer to use energy consumption as a proxy of the real economy scenario because we have more reliable data on energy than on municipal Gross Domestic Product (GDP).

The article is divided in six sections, including this one. In the next section we present the literature about the determinants of the vote and succinctly present our theoretical framework. Also, we look at some of the main contributions that discuss voting determinants in Brazil. The third section describes the panel data methodology. In the fourth, we present our data. The econometric evidence found is the object of analysis in the fifth section, while in the sixth, and last, section we present our main conclusions.

2. DETERMINANTS OF THE VOTE

Attempts to explain how and why individuals vote have encouraged a robust research field that seeks to understand the motivation of the vote throughout the democratic world. There are three main schools of analysis of the electoral behavior: the sociological, psycho-sociological and economic. The sociological school started with studies carried out by Lazarsfeld, Berelson and Gaudet (1944) and Berelson, Lazarsfeld and MacPhee. (1954) that had found that few voters changed their preference during campaigns. This relative absence of change was due to some voter's structural characteristics: socio-economic position, religion and an urban-rural dichotomy.

This research program was criticized by Campbell *et al.*, (1960) because it did not capture time variation in voter preferences. Instead, they proposed a socio-psychological analysis that, without denying the importance of macro-factors, showed the existence of individual intervening factors which better explained the voting decision, paying more attention to voter attitudes than to permanent social characteristics. Campbell *et al.*, (1960) emphasize how the affective ties of voters with regard to the parties influence the voting decision. The main empirical finding was that the stability of party identification, as changes in candidates or political platforms had little impact on the vote choice (PIMENTEL JR, 2007).

2.1 THE ECONOMIC VOTING THEORY

The economic school analyzes the behavior of voters from the point of view of the rational choice theory. Downs (1957) introduced the notion that individuals make vote choices based on their comparisons of expected utilities for each of the competing parties; here the citizens behave as consumers in a political market situation. Voters maximize their satisfaction having in mind government action and the parties achieve satisfaction from their electoral success. The interest calculation of the voter is carried out in accordance with the expected utility differential between the parties based on what the government in power

offers in comparison with what would be obtained if the opposition were there. Fair (1978) provided a formal statement of how economic performance enters the voter utility.

Fiorina (1981) updates the argument analyzing how voters act rationally when facing scarcity of information. Fiorina's main argument is that voters, regardless of their degree of information, are sensitive to the impact of government activities for improvements in their well-being and use it as a guide for their vote. Thus, future expectations are, for most of the voters, simple extrapolations from current trends. The model is the workhorse of voting choice due to the fact that it demands very little from the average voter, as it does not require a high level of political sophistication for vote choice.

A key assumption lies in the understanding that the government has direct influence on the country's economic performance, leaving aside other factors that may have an impact on it, and that economic factors play an important role in electoral behavior. Therefore, an improvement in economic conditions increases the probability of a vote for the party that is perceived as responsible for the change. Also, better economic performance tends to indicate an administrative capacity of the party in power, in addition to positively affecting the votes of those who do not identify with any party (VIRMANI, 2004; ANDERSON; MORGAN, 2011).

The economic voting theory also suggests that the retrospective vote, based on economic results, allows voters to demand a degree of responsiveness from their elected politicians in managing the economy. Indeed, the mechanisms that connect the economic performance with the voting behavior can be a sanctioning process for bad economic performance (KRAMER, 1971; FAIR, 1978, 1996a, 1996b) or the use of past economic outcomes as informational clues to assess how competing potential parties might perform in the future (DOWNS, 1957; STIGLER, 1973).

Powell and Whitten (1993) demonstrated that sanction models of economic voting should explain variations in sanctioning behavior in terms differences in the clarity of incumbents' economic responsibilities. At those cases where there is no clarity of who is the main political agent in charge for economic policy, and consequently the country's economic performance, the effects of economic variables on election results should be minor or even completely absent. In other words, less or no political dynamic between economic performance and electoral support to the incumbent

Duch and Stevenson (2008) carried out an important study involving 18 democracies and showed that there is a significant relationship between economic perception and voting choice, above all in systems that concentrate the political decision power. They organized the literature around three important themes: the sanction and selection models and the context of voting (the strategic setting of economic decision making).

The sanction model requires that voters have retrospective information of the macroeconomy and that they punish/reward incumbents in a fashion that credibly signals to candidates the electoral costs of shirking and rent seeking. More important than rewarding good performance is to punish poor economic performance as a way to establish a threshold performance level that prevents the incumbent from shirking her responsibilities.

The selection model is future oriented and entails that voters choose the most competent candidates, using information about past economic outcomes to assess the future

competencies of competing candidates. As information about the candidates' competence plays a crucial role in vote choice and governments differ in their competence, the economic outcomes are then important because they provide clues about it (CUKIERMAN; MELTZER, 1989),

Finally, the context is given by economic and political institutions and structures that can alter the effects of economic growth on the voting behavior of citizens, as they alter how economic policy decisions can really shape and impact the economic situation of the country. The more dispersed the economic policy decision making, for example, independent central bank or open economy countries, the less pronounced the economic voting effect.

Duch and Stevenson (2008) analyze this variation using 163 election surveys on western countries, estimating a different measure of economic voting for each party and analyzing the variation of the estimates across two decades and eighteen countries. They show that the proportion of decisions affecting economic outcomes taken by non-electorally accountable decision-makers declines the overall effect of growth on the election result. Also, the more dispersed the power after election results, meaning widely shared decision making power, the smaller the economic voting effect.

2.2 LOCAL LEVEL ECONOMIC VOTING

One of the main contributions of our research is that most of the studies on economic voting focus on data on regional or national levels and not on municipal or local data. In addition, most of these studies that look for local variables are concerned with the effects of fiscal manipulation or performance and not with economic performance. Sakurai and Menezes (2008) used panel data from more than 2,000 Brazilian municipalities over 13 years and showed the positive influence of public expenditures on the probability of mayors' reelection. Veiga and Veiga (2007) show that increases in investment expenditures and changes in the composition of spending favoring visible items are positively associated with vote percentages of incumbent mayors seeking re-election using data of all Portuguese mainland municipalities. Brender (2003), on the other hand, finds evidence that the fiscal performance of mayors positively impact their chances of re-election only in some of the Israeli local elections. Finally, Drazen and Eslava's (2010) is the unique study of electoral manipulation of municipal expenditures that includes GDP growth as one of the control variables and they find that it has a positive coefficient in most regressions using data from all Colombian municipalities; however, they do not include measures of local economic performance, instead, they just use national economic variables.

In sum, to the best of our knowledge, there are almost no studies that test the effect of the municipal economic performance on national elections. The only exceptions are the studies made by Pattie and Johnston (2001), Martins and Veiga (2013), Oliver and Ha (2007), and Elinder (2010). Pattie and Johnston (2001) showed the importance of the local economy in understanding voters' electoral behavior in the general elections of 1997 in the United Kingdom. Even though they had used individual level data, they found that local economic prosperity play a greater role in vote choice than both the improvement in the individuals' own economic well-being as well as the perception of changes in national economic prosperity.

Martins and Veiga (2013) find a positive relation between the effects of national and local economic performance on the percentage of votes obtained by the party of the incumbent mayor in Portugal. Oliver and Ha (2007), using survey data of over 1,400 voters in 30 different US suburban communities concluded that better local economic conditions or local government performance is positively related with incumbent support. Finally, Elinder (2010) found that local economic conditions – economic growth and unemployment – affect the electoral performance of candidates in local counties in Sweden.

2.3 VOTING DETERMINANTS IN BRAZIL

Throughout the last decades various studies focused on the Brazilian electoral behavior. Simão (1956) analyzed the vote of the working classes in São Paulo in the 1940s and showed that there was a relationship between the proportion of workers within the city districts and the proportion of votes for the main left parties: the PCB (the Brazilian Communist Party) and the PTB (the Brazilian Labor Party). Simão also observed that the PCB voters were qualified industrial workers who had been living in the capital for a long time, while the PTB voters were largely migrants from rural areas with poor qualifications.

Ferreira (1960; 1962) analyzed the correspondence between socio-economic position and the party vote in the state of São Paulo, showing that voters from highly industrialized regions tended to vote for labor reform parties, while the less industrialized regions voted for traditional conservative parties. Using survey data, Soares (1965) found a correlation between the socio-economic situation and the presidential vote in the 1960 elections.

Cintra (1968) observed that political parties were relevant players in the Brazilian political scenario and showed that there was a correlation between votes of non-manual workers for the UDN (the National Democratic Union) and of manual occupation workers for the PTB. Along the same lines, Lamonier (1980) observed that around 70% of the electorate of São Paulo identified with a party, a very high number and comparable to the consolidated democracies of the time. Similar findings were found by Reis (1978) and Fleisher (1981).

However, with the end of the two-party politics of the military regime and the expansion of the democratic multiparty system in the 1980s, these high levels of party identification disappeared (BALBACHEVSKY, 1992; SINGER, 1999). As a result, studies on voting behavior in Brazil started to look for other determinants. Castro (1994) observed that, given the little sophistication of voters, most of them ended up voting for personalities and not parties. They argued that the results do not contradict the rationality assumption because popular and less sophisticated votes were being cast for those that presented themselves as *'defenders'* of the popular interests. On the other side of the knowledge continuum, Kinzo (2005) and Carreirão and Kinzo (2004) showed that a significant part of the electorate that identified with a party was connected due to their level of education. Carreirão (2002) observed that an expressive component in the vote in Brazilian presidential elections was the retrospective vote, which was anchored in an assessment of the overall performance of the government in power, based mainly on the country's economic situation.

Simoni (2017) proposes that since the 2006 elections there have been two great debates about Brazilian presidential elections. First, the re-election of Lula is considered as a moment in which a regional electoral realignment occurred. The electoral bases of the then president and leader of the PT (the Workers' Party) would have undergone an important inversion (HUNTER; POWER, 2007; NICOLAU; PEIXOTO, 2007). The PT and Lula would have lost strength at their old electoral base in the metropolises of the South and Southeast and began to receive support in the small municipalities of the North and Northeast (HOLZHACKER; BABALCHEVSKY, 2007; SINGER, 2012; ZUCCO; POWER, 2013). An analogous realignment occurred at the individual level. Less educated and poorer voters, who once were averse to the PT, became the core of Lula's electoral base from 2006 onwards. The literature is methodologically heterogeneous using individual, municipal and state level data.

The second proposition is that one of the main determinants of the presidential realignment, perhaps the most important one, was the expansion of the federal conditional cash transfer program, the *Programa Bolsa-Família* (PBF) (ZUCCO; POWER, 2013). The literature debates its electoral impact both at the individual and local economic levels. Renno and Cabello (2010) have found evidence that the highest electoral gain of Lula's 2006 reelection was in those regions that receive most of the PBF resources.

Hunter and Power (2007) have a very critical view of the regional realignment. They observe that the realignment was produced by a political usage of social policy. Nothing more than the "*old history of using the government to build clientelistic support*" (HUNTER; POWER, 2007, p. 9). In this direction, Zucco (2013) found a similar effect of similar conditional cash transfers programs promoted by Fernando Henrique Cardoso's government on the votes of the PSDB (the Brazilian Social Democracy Party) in 2002 – the *Programa Bolsa Escola* and *Bolsa Alimentação*.

Soares and Terron (2008) also show that most of the municipal votes for the PT from 2006 onwards have come from small and poor cities in the Northeast. On the other hand, Simoni (2017) shows with both individual level and local aggregated data that there was no realignment on the 2006 presidential elections and that the changes perceived by the media and the literature at large are just a reflection of the electoral behavior of swing-voters and not the realignment of any electoral base. Besides that, the PBF had improved the electoral performance of the PT with more impact in the Southeast than in the Northeast. Limongi and Guarnieri (2014; 2015), using aggregated data, have also proposed that the realignment was less relevant, highlighting the importance of a long-term vision of the electoral fluctuation in Brazilian presidential elections and also emphasizing the stronger effects of the PBF in the Southeast than in the Northeast.

Others researchers have found evidence that the electoral alignments of 2006 were maintained during the elections of 2010 and 2014 (MARZAGÃO, 2013; PEREIRA *et al.*, 2015; MAGALHÃES; SILVA; DIAS, 2015). They found evidence that the municipalities that voted for the PT in 2010 were the ones that had voted in the PT in 2006.

Another possible interpretation for the results of 2006 onwards was put by Ribeiro (2014), Canêdo-Pinheiro (2015) and Zucco (2008; 2010). They have argued that the results are driven by a manifestation of the Brazilian "*governism*". In other words, the

tendency of poor municipalities which are dependent on the public sector, to always support the incumbent, regardless of the party in charge¹.

3. METHODOLOGY

Given the nature of the research object, we will analyze the effects of the electoral performance on the proportion of votes obtained by the incumbent in municipalities in the state of São Paulo using a panel data framework. According to Hsiao (1986) and Cameron and Travedi (2005) panel models offer a series of advantages over cross-section models because they allow control over the idiosyncratic heterogeneity present in each individual in the sample and they also increase estimation accuracy and precision.

In this manner, three different estimates will be carried out, to check the effect of the variables of interest. First, we estimate using a *pooled regression model (POLS)*. Then we use the *random effects model (RE)* and finally the *fixed effects model (FE)*, which allows consistent estimation of the coefficients of interest even in the presence of unobservable idiosyncratic heterogeneity correlated with other regressors. We then check which model is the most suitable for our data, maximizing efficiency and the consistency of the coefficients.

In the basic *POLS* model, the estimator considers all the information as cross-section units, ignoring the temporal aspect of the data. The random and fixed effects models take into consideration the presence of idiosyncratic heterogeneity, which are considered to be part of the intercept in the former and of the error in the latter. Both require a strict exogeneity assumption. This implies that the error term must be uncorrelated with any of the regressors in any period of time. In other words, both assume that the error has a conditional mean of zero in past, present and future values of the regressors (CAMERON; TRAVEDI, 2005). The random effects model deals with the unobservable idiosyncratic heterogeneity correlated (*ci*) as a random variable that is distributed regardless of the regressors and with homoscedastic variance. The random effects model will be estimated by *feasible generalized least squares (FGLS)* due to the fact that the variance-covariance matrix is unknown.

Random Effects Model:

$$Y_{it} = \alpha + X_{it} \beta + v_{it} = \alpha + X_{it} \beta + (c_i + \varepsilon_{it}) \quad (1)$$

where v_{it} is the compound error given by $c_i + \varepsilon_{it}$

$$E(v_{it} / X_{is}) = 0; \forall t \neq s; v_{it} \sim N(0, \sigma^2)$$

Finally, the *fixed effects* model considers different intercepts for individuals, assuming that the inclinations and variance are constant. The unobservable idiosyncratic heterogeneity, *ci*, is no longer dealt as a random variable but as a parameter to be estimated.

1. This result is confirmed once again in our analysis – see section 5.

So, unlike random effects, the fixed effects model allows consistent estimation even in the presence of c_i correlated with the regressors. Estimation of the fixed effects requires the strict exogeneity assumption. To estimate the fixed effects model, we use *within transformation* techniques, since it is more efficient when t is greater than 2 (WOOLDRIDGE, 2002).

Fixed Effects Model:

$$Y_{it} = \alpha + c_i + X_{it} \beta + \varepsilon_{it} \quad (2)$$

Transformation:

$$Y_{it} - Y_m = (X_{it} - X_m) \beta + (\varepsilon_{it} - \varepsilon_m)$$

$$E(\varepsilon_{it}/X_{is}, c_i) = 0; \text{ for } \forall t \neq s$$

$$\varepsilon_{it} \sim \text{IID}(0, \sigma^2)$$

After estimating the three models, we shall carry out the necessary tests to elucidate the consistent estimators and, among those, which one is the most efficient. In this fashion, we use the *Breusch-Pagan Test* to check for the presence of idiosyncratic heterogeneity by analyzing the existence of self-correlation on the unobservable heterogeneity and the *Hausman Test* to check for the correlation between the idiosyncratic heterogeneity and the regressors (GREENE 2000; HAUSMAN, 1978).

São Paulo economic voting model:

The sample analyzed covers 625 of the 645 municipalities in the State of São Paulo, between 1994 and 2010. The dataset includes five types of variables: political, economic, fiscal, demographic and geographic, the last three being used as controls in the estimations. The basic equation to be estimated can be summarized as follows:

$$votes_{it} = \alpha + c_i + \beta_1 encons_{it} + \beta_2 control\ variables_{it} + \lambda geographic\ dummies_{it} + \varepsilon_{it} \quad (3)$$

where i refers to the municipality, t to the year, and α , c_i and ε_{it} are, the constant, municipal idiosyncratic heterogeneity and the error term, respectively; *encons* is the independent variable of interest and *votes* the dependent one. *Votes* indicates the percentage of valid votes (excluding blank and void votes) that the incumbent presidential candidate obtained in each municipality in São Paulo.

The incumbent candidates were the PSDB [the Brazilian Social Democracy Party] candidate, Fernando Henrique Cardoso, in 1994 and 1998, the PSDB candidate, José Serra, in 2002, the PT [the Worker's Party] candidate Luiz Inácio Lula da Silva in 2006 and the PT candidate, Dilma Rousseff in 2010. The *encons* regressor is the rate of growth

in total energy consumption *per capita* in the municipality², which, given our theoretical and methodological framework, is used as a measure of economic growth in the year of the presidential elections.

Table 1 - Elections results in Brazil and in São Paulo (1994 - 2010)

| Candidate | Party | Brazil | | Sao Paulo | |
|-----------------------------------|-------------|-------------------|--------------|------------------|--------------|
| | | Votes | % | Votes | % |
| 1994 Election | | | | | |
| Fernando Henrique Cardoso* | PSDB | 34,314,961 | 54.2% | 8,679,287 | 55.7% |
| Luiz Inacio Lula da Silva | PT | 17,122,127 | 27.1% | 4,205,530 | 27.0% |
| Eneas Ferreira Carneiro | PRONA | 4,671,457 | 7.4% | 1,380,690 | 8.9% |
| Orestes Quercia | PMDB | 2,772,121 | 4.4% | 895,318 | 5.8% |
| Leonel Brizola | PDT | 2,015,836 | 3.2% | 247,152 | 1.6% |
| Esperidiao Amin | PPR | 1,739,894 | 2.8% | 67,747 | 0.4% |
| Others | - | 625,935 | 1.0% | 94,599 | 0.6% |
| 1998 Election | | | | | |
| Fernando Henrique Cardoso* | PSDB | 35,936,382 | 53.1% | 9,736,728 | 59.9% |
| Luiz Inacio Lula da Silva | PT | 21,475,211 | 31.7% | 4,688,677 | 28.8% |
| Ciro Gomes | PPS | 7,426,187 | 11.0% | 1,208,718 | 7.4% |
| Eneas Carneiro | PRONA | 1,447,089 | 2.1% | 389,592 | 2.4% |
| Others | - | 1,437,434 | 2.1% | 235,103 | 1.4% |
| 2002 Election | | | | | |
| Luiz Inacio Lula da Silva | PT | 39,455,233 | 46.4% | 9,106,914 | 46.1% |
| Jose Serra* | PSDB | 19,705,445 | 23.2% | 5,633,365 | 28.5% |
| Garotinho | PSB | 15,180,097 | 17.9% | 2,781,712 | 14.1% |
| Ciro Gomes | PPS | 10,170,882 | 12.0% | 2,087,617 | 10.6% |
| Others | - | 440,855 | 0.5% | 139,795 | 0.7% |
| 2006 Election | | | | | |
| Luiz Inacio Lula da Silva* | PT | 46,662,365 | 48.6% | 8091867 | 36.8% |
| Geraldo Alckmin | PSDB | 39,968,369 | 41.6% | 11927802 | 54.2% |
| Heloísa Helena | PSOL | 6,575,393 | 6.8% | 1558639 | 7.1% |
| Cristovam Buarque | PDT | 2,538,844 | 2.6% | 385119 | 1.8% |
| Others | - | 251,762 | 0.3% | 31,477 | 0.1% |
| 2010 Election | | | | | |
| Dilma Rousseff* | PT | 47,651,434 | 47.0% | 8,740,949 | 37.3% |
| Jose Serra | PSDB | 33,132,283 | 32.7% | 9,524,050 | 40.7% |
| Marina Silva | PV | 19,636,359 | 19.4% | 4,865,828 | 20.8% |
| Plinio de Arruda Sampaio | PSOL | 886,816 | 0.9% | 239,173 | 1.0% |
| Others | - | 150,682 | 0.1% | 56,299 | 0.2% |

* The incumbents are the candidates with names in bold and shaded line

2. Total energy is the sum of all energy consumed by the municipality by residences, industry and commerce, in rural and urban areas and is measured in terms of megawatt hour (MWh).

In Table 1, we present all main candidates of the Brazilian presidential elections from 1994 to 2010, with their respective votes both in Brazil and just in the state of São Paulo. As expected, the main candidates are those from the PSDB and the PT. In all elections, the PSDB candidates have performed better in São Paulo than in Brazil, whereas just the contrary happened to the PT.

4. DATA

The political variables were collected from the electoral base of the Brazilian Superior Electoral Court (TSE). We obtained information about all the 645 municipalities in São Paulo. However, as some municipalities were created after 1995, we decided to analyze just those that had been emancipated before 1994. Therefore, the sample analyzed comprised 625 municipalities in five subsequent electoral periods, thus constituting a balanced panel.

Table 2 - Description of the variables

| | |
|-------------------------|--|
| votes | proportion of valid votes obtained by the incumbent in the municipality |
| encons | rate of growth of total energy consumption per capita in the municipality in the election year |
| lencons | log of the total energy consumption of the municipality (MWh) |
| fpop60 | proportion of the population over 60 in the municipality |
| lrim | log of the rate of infant mortality in the election year (per 1,000 live births) |
| ltotalexp | log of total municipal expenses per capita in the election year, measured in R\$ 2010 million |
| linvestexp | log of municipal expenditure on investments per capita in the election year, measured in R\$ 2010 million |
| lstaffexp | log of the municipal expenses on staff per capita in the election year, measured in R\$ 2010 million |
| colmayor | dummy relating to the party of the mayor that is a member of the electoral coalition of the incumbent (1-member; 0-non-member) |
| d94/98/02/06/10 | dummies for year |
| drsi ... drsxvii | dummies for mesoregions (Regional Health Divisions) |
| metrop | municipality belonging to a metropolitan region in São Paulo (1-belonging; 0-not belonging) |

The economic, demographic and fiscal variables were obtained from the State Data Analysis System Foundation (Seade). Among them we included the variable of interest, *encons*, the economic size of the municipality (measured by the log of the total energy consumption), the proportion of the population over 60, the logarithm of the infant mortality rate, and finally the logarithms of total municipal expenses *per capita*, municipal spending on investments *per capita* and municipal expenses on staff costs *per capita*.

In addition to the fiscal, demographic and economic information, we also controlled for the role played by the mayor, at the municipal level, in the election. To do so, we built a dummy variable that indicates whether the mayor belonged to a party of the incumbent coalition³. We obtained data about the mayor's party affiliation from the results of the municipal elections immediately prior to the national election⁴.

Moreover, we also controlled for possible macro-economic shocks by creating dummies for year and also dummies for the state's meso-regions in order to control any regional factors that might interfere in the incumbent capability of obtaining votes in certain regions⁵. Finally, we created another dummy variable to indicate whether the municipality belongs to one of the three metropolitan regions in the State of São Paulo, namely: Greater São Paulo, Greater Campinas and the Baixada Santista. In Table 2 there is a description of the variables and in Table 3 their respective descriptive statistics.

Table 3 - Descriptive statistics

| Continuous variables | Mean | Median | Standard deviation | Min. | Max. |
|----------------------|-----------|--------|--------------------|--------|--------|
| votes | 46.590 | 44.584 | 16.063 | 12.981 | 85.462 |
| encons | 0.034 | 0.030 | 0.099 | -0,611 | 3.029 |
| lencons | 9.870 | 9.547 | 1.790 | 5.609 | 16.960 |
| Fpop6 | 10.820 | 10.690 | 2.849 | 3.410 | 22.380 |
| Irim | 2.920 | 2.905 | 0.584 | 0.693 | 5.116 |
| ltotalex | 7.350 | 7.323 | 0.417 | 6.014 | 9.766 |
| linvestexp | 5.160 | 5.122 | 0.737 | 2.254 | 8.142 |
| lstaffexp | 6.410 | 6.411 | 1.673 | 0.476 | 13.630 |
| Dummy variables | Frequency | 0 | 1 | | |
| colmayor | | 2008 | 1117 | | |
| Metrop | | 2790 | 335 | | |

5. RESULTS

In this section, we present the main results. First we examine the electoral performance of the incumbent in São Paulo by the *POLS* and after by *RE* and *FE*, all with robust standard errors. The coefficients of the variables that are constant over time are only shown in the estimations by *POLS* and *RE*, since one of the limitations of the *FE* estimation is that it is not suitable to analyze variables that are constant over time. In the first three columns of

3. The five coalitions are: 1994 - PSDB / PFL / PTB; 1998 - PSDB / PFL / PTB / PPB; 2002 - PSDB / PMDB; 2006 - PT, PRB, PCdoB; 2010 - PT, PMDB, PDT, PC do B, PSB, PR, PRB, PTN, PSC and PTC. The incumbent parties are, PSDB from 1994 to 2002, and PT in 2006 and 2010.

4. The data for the municipal elections of 1996, 2000, 2004 and 2008 were collected from the STE, while the data for 1992 were kindly provided by Sérgio Naruhiko Sakurai.

5. To analyze São Paulo's meso-regions we decided to use the administrative division adopted by the State Department of Health, which divides the State of São Paulo into 17 regional health departments.

Table 4, we have included all the variables of the model, with the exception of the dummies for year and region. In the last columns, we present the estimated coefficients of the models including the dummies for year. The dummies for region were removed because they did not affect the coefficients of interest.

Table 4 - Proportion of votes for the incumbent

| votes | OLS | RE | FE | OLS_year | RE_year | FE_year |
|-----------|-------------------|------------------|-------------------|------------------|------------------|------------------|
| ncos | 10.777** | 10.777** | 14.952*** | 4.010* | 4.007* | 4.357* |
| | 3.945 | 4.019 | 4.621 | 1.581 | 1.586 | 1.979 |
| lencons | -2.409*** | -2.409*** | -9.766*** | -1.446*** | -1.447*** | -2.789** |
| | 0.209 | 0.198 | 1.428 | 0.142 | 0.142 | 1.559 |
| fpop60 | -1.288*** | -1.288*** | -6.087*** | 0.095 | 0.096 | 0.046 |
| | 0.108 | 0.116 | 0.362 | 0.082 | 0.082 | 0.375 |
| colmayor | 6.720*** | 6.720*** | 6.187*** | 1.800*** | 1.805*** | 1.908*** |
| | 0.561 | 0.556 | 0.586 | 0.409 | 0.409 | 0.458 |
| Irim | 5.066*** | 5.066*** | 4.457*** | 0.157 | 0.155 | 0.169 |
| | 0.487 | 0.518 | 0.619 | 0.327 | 0.327 | 0.424 |
| ltotalex | -9.129*** | -9.129*** | 2.703 | -1.693* | -1.731* | -4.420* |
| | 0.909 | 0.966 | 2.063 | 0.702 | 0.701 | 1.753 |
| linvestex | 2.659*** | 2.659*** | -0.5 | 0.515 | 0.524 | 0.889* |
| | 0.464 | 0.437 | 0.538 | 0.325 | 0.325 | 0.426 |
| lstaffex | -0.385 | -0.386* | 3.730*** | 0.017 | 0.019 | 1.297 |
| | 0.211 | 0.192 | 1.007 | 0.127 | 0.127 | 0.881 |
| metrop | -1.121 | -1.122 | | 1.169* | 1.176* | |
| | 0.992 | 0.993 | | 0.536 | 0.536 | |
| d1994 | | | | 20.704*** | 20.692*** | 19.298*** |
| | | | | 0.748 | 0.747 | 2.026 |
| d1998 | | | | 25.724*** | 25.718*** | 24.847*** |
| | | | | 0.642 | 0.642 | 1.388 |
| d2002 | | | | -4.023*** | -4.03*** | -4.846*** |
| | | | | 0.602 | 0.602 | 1.143 |
| d2006 | | | | -2.743*** | -2.745*** | -3.065*** |
| | | | | 0.349 | 0.348 | 0.56 |
| _cons | 122.690*** | 122.69*** | 152.465*** | 60.221*** | 60.449*** | 84.873*** |
| | 6.433 | 7.288 | 13.294 | 4.906 | 4.894 | 20.59 |
| N | 2922 | 2922 | 2922 | 2922 | 2922 | 2922 |

Note: * < 0,05 / ** < 0,01 / *** < 0,001

As expected, the *Breusch-Pagan Test* showed that the *POLS* method is unsuitable. Besides that, the *Hausman Test* rejected the hypothesis that there is no correlation between

the idiosyncratic heterogeneity and the regressors. Therefore, the appropriate model that produces consistent and unbiased estimators is the fixed effects model.

The main conclusion we draw from the analysis is that the relationship between economic growth and the votes obtained by the incumbent in the municipality is both positive and significant. Independent of the model, all columns show that economic growth is an important determinant of the incumbent electoral support. These findings confirm the results presented by Fernandes and Fernandes (2017), that used data of real municipal GDP *per capita* for a small period of time. The result is connected with the theoretical expectations due to the fact that, from the population's point of view, the responsibility for the economic performance of the country lies heavily on the Brazilian presidents. Besides, our results indicate that even the local economic perception affects how people evaluate the political national scenario⁶.

The three first columns of coefficients in Table 4 indicate that growth in energy consumption *per capita* in the municipality (*encons*) bears a positive and significant relationship with the percentage of votes obtained by the incumbent. The coefficients of the estimates by *FE* are greater and have the same significance as the coefficients of the estimates by *POLS* and by *RE*, indicating that economic voting is present in Brazilian presidential elections at the municipal level in the State of São Paulo. Column 4 indicates that an increase of 10 percentage points on the growth of total energy consumption *per capita* increases the incumbent electoral support in 1.49 percentage points.

In addition to this strong evidence of the relationship between growth in energy consumption *per capita* and the vote obtained by the presidential incumbent, the first three columns in Table 4 also have a series of other interesting results that are worth discussing.

Among them, we would draw attention to the fact that in all the models the coefficients of the level of energy consumption and the proportion of the elderly population were negative and significant, suggesting that the smaller the local economy of the municipality, the greater the tendency of votes going for the incumbent.

These findings confirm the argument made by Ribeiro (2014), Canêdo-Pinheiro (2015), and Zucco (2008; 2010) that there is a strong manifestation of “*governism*” in Brazilian elections. On one hand, these results should be taken with caution as we are not analyzing the role of the conditional cash transfer programs, which was the main preoccupation the literature. On the other hand, there is strong evidence that even in São Paulo there is a tendency for municipalities with smaller economies to give more support to the incumbent.

Another result that appears to go in the same direction is the coefficients of the infant mortality rate in the election year, which had positive and significant correlations with electoral performance. To understand this finding, it is important to consider that local, state and federal levels share responsibilities as providers of health care in Brazil. Consequently, the interpretation we place on this result is that the rate of infant mortality not only captures the performance of the government in the health area, which has blurred shared responsibilities among federal members, but it also is an important indicator that municipalities which

6. Further research should test whether the effects of local economic growth on incumbent electoral performance are valid at both mayors and governors' elections, besides presidents (see FERNANDES; FERNANDES, 2014).

suffer from poorer socio-economic conditions, as reflected in a higher mortality rate, tend to have a more incumbent-oriented electorate.

Zucco (2008) shows that since 1994 all incumbents have done better on impoverished areas, as the negative result between incumbent performance and the municipal human developed index (HDI) indicates. The author also indicated that all the parties that gained power after the redemocratization process – chronologically, the PMDB, PSDB and PT – were at first supported by larger cities and more developed areas. After the party became the chief of the federal executive power, its electorate gradually rearranged toward the less developed areas – the so called *grotões*. Zucco's (2008) and our results indicate that independently of what the party stands for, the federal government tends to have a better electoral performance in the poorest regions of the country, while the opposite holds for the main opposition parties⁷.

It is worth remembering that the poorest municipalities tend to have a greater percentage of revenue coming from federal coffers, hence the voters in these locations might be more sensitive to the incumbent. This way, the federal government has a strong hand in the countryside, since it is the main entity with resources and capabilities do undertake the task of large scale poverty alleviation and infra-structure investments. Furthermore, in the municipalities we analyzed, the elderly population might reflect an income potential that is associated with retirement. On the one hand, populations with an older age structure are richer, which makes it clearer that the weight of economic growth is a contrary factor. However, it must be emphasized that the amounts paid in pensions are defined by the federal government and the period analyzed was characterized by various attempts of reforming the social security system. In order to reduce the heavy deficit of the sector, the proposed reforms always consisted in reducing the benefits of the general population. Therefore, the retired people group in the elderly population can be seen as a segment that is contrary to the Brazilian incumbent. These results indicate an interesting field for future research⁸.

There are no studies in the literature on age and voting that found a similar result about the anti-incumbency bias of the older population, neither in Brazil nor abroad. The general debate since Cumming and Henry (1961) is on the disengagement theory: the elderly gradually become less involved in society. As indicated by Glenn and Grimes (1968) if the theory is correct, one of its manifestations would be a decline in political interest and the participation of the elderly as individuals would become less attuned to some important societal issues. Hence, it is expected that the older-aged group have a substantially lower turnout than middle-aged or younger groups. Bhatti and Hansen (2012) have found

7. It is worth noting that the 'governmentism' argument highlights that incumbents tend to electorally do better in the most impoverished regions of the Northeast and North of Brazil. Our results are circumscribed to the richest state of the country, indicating that this argument operates within the different regions across all the country, as São Paulo would be the worst case scenario for governmentism to work as an electoral pattern.

8. An important methodological question is that as we are dealing with aggregate data, we are not able to say which type of specific individual is voting for or against the incumbent. All the relations that we found are about the municipality aggregate measures. So, we cannot affirmatively say that elder people are more prone to be against the incumbent. What we found is that the municipalities with a bigger proportion of elder people are less oriented to vote with the incumbent. Hence, we can just speculate about the mechanisms that explain our results. By itself, the aggregate results do not make it possible to assert on individuals – a typical case of ecological fallacy (KRAMER, 1983).

a similar result analyzing individual level data on Danish elections: older retired people tend to participate less frequently on elections. They explain this pattern with a different set of *rationales*. Besides health motives, retired people tend to feel less mobilized to vote due to the disruption of social ties and less contact with other people that could encourage political participation. Unfortunately, we could not find any discussion about the political participation of Brazilian elders⁹.

The dummy variable relating to the incumbent candidate being allied to the mayor shows the importance of the role of the mayor in the national elections. The relation is positively and robustly significant in all models. Moreover, it has a strong partial effect, since its coefficient indicates that, on average, those mayors who are members of the electoral coalition increase the vote for the incumbent by around 6.1 percentage points. The results indicate that the mayors are one of the most important electoral brokers of incumbent presidents at the local level. An argument made by the former governor of São Paulo, Orestes Quércia at an editorial note on the front page of a local newspaper in the year of 1984 – during the democratization process - highlights this rationale:

In political practice, municipal authorities are fundamental to the parties. They are ultimately responsible for the election of governors, state deputies, federal deputies, and senators. Mayors, deputy mayors and city councillors are decisive electoral canvassers. It is, therefore, natural for these politicians to act as intermediaries between voters and their representatives (QUÉRCIA, 1984)¹⁰.

These positive results of the alliance between presidents and mayors had already been perceived by Ames (1994) who showed that the presidential candidates of the 1989 elections did significantly better in municipalities where the mayor represented their party. Actually, the results of Ames's study are more generalizable than ours, due to the fact that the role of mayors is not just related to retrospective alliances, as it is our case, but also to prospective alliances between mayors and the presidential candidates.

These special relations between mayors and presidents in Brazilian presidential elections are not a specific trait of Brazilian politics. The literature is full of examples of how local political organizations deliver blocks of votes to candidates that the local leadership prefer. Buitrago and Davila (1990) studied this relation in Colombia, and Coppedge (1993) presents evidence in Mexico and Venezuela. Chubb (1982) indicates how the Christian Democratic power in the major southern cities of Italy had been based on the control of the municipalities, before the collapse of the Italian party system.

9. Goerres (2007), on the other hand, presents different rationales of reasons why elder people could vote more frequently than young cohorts, such as *sense of duty, duration of residence, political interest and mainly social norms that generate a civic duty to vote*. Both Goerres (2007) and Gleen and Grimes (1968) present data from comparative country analysis and from the US, respectively, that diverge from the disengagement theory. In both studies, older-aged groups participate less than middle-aged ones, but more than younger.

10. “Na prática política, as autoridades municipais são fundamentais aos partidos. Elas, em última instância, são as responsáveis pela eleição de governadores, deputados estaduais, deputados federais e senadores. Os prefeitos, vice-prefeitos e vereadores são cabos eleitorais de importância decisiva. Nada mais natural, portanto, que esses políticos funcionem como intermediários entre os eleitores e seus representantes.” (QUÉRCIA, 1984).

Ames (1994) proposes that endorsement seeking by Brazilian mayors is related to the fact that strong local machines have the tools to influence the choice of voters. As an anecdotal case, Ames highlights the failure of Leonel Brizola to get votes in Sao Paulo. Despite the fact that he had strong political support in both Rio Grande do Sul and Rio de Janeiro, he was unable to get more than 1,5% of votes in the state of São Paulo. The failure of Brizola highlights the importance of local organizations, as his party – the PDT – controlled just few municipalities in the state of São Paulo¹¹.

On the other hand, Zucco (2008) tested whether political alliances between the federal government and both governor and mayors in the 2006 presidential elections improved the performance of the incumbent, also using municipal level data. His results were on the opposite direction than ours. He found that alliance with governors and mayors did not improve the electoral performance of the incumbent candidate at presidential elections. Actually, they reduced his overall performance. He tested both whether governor and mayor were from the PT – Lula was the 2006 running president – or whether they were elected by a coalition of parties that included the PT. He explained this odd result with the following argument: “[...] the negative coefficients on the political variables simply reflect the fact that part of his old voting base abandoned Lula” (ZUCCO, 2008, p. 40).

With regard to the municipal fiscal variables, total municipal expenses *per capita*, municipal spending on investments *per capita* and municipal expenses on staff costs *per capita*, only the latter was significant in the *FE* model. However, its sign, like the sign of the other expenses, changed with the different models, indicating that the relationship between municipal expenses and a pro-incumbent electorate in presidential elections is not clear. Anyway, it is important to take into account the fact that municipal spending is directly related to those services provided by the local government. With respect to political attribution, this result suggests that the local electorate seems to identify who is responsible for the menu of public policies. Growth and the size of the local economy are factors that are related to the federal government. However, local education or infrastructure is more connected to local politicians. As a result, the share of votes of the local incumbent should not be sensitive to the municipal expenditures.

To analyze those relations in greater depth we decided to retest the estimates by introducing dummies for year among the regressors. The results of this analysis, shown at the three last columns of Table 4, were surprising, but they kept their sign and the statistical significance of the main regressor of interest, in addition to also maintaining the significant effects of the mayors and the economic potential of the municipality. The coefficients of the rate of growth in energy consumption *per capita* were positive and significant, reaffirming the evidence of the presence of economic voting in presidential elections in municipalities in São Paulo. The level of energy consumption also remained negative and statistically significant, reflecting the anti-incumbent nature of richer cities. On the other hand, the dummy indicator, whether the municipality belongs to a metropolitan region, which was insignificant in the first two models, is now positive related to voting for the incumbent. This finding contradicts the anti-incumbent bias of more developed regions of the state. In the same direction, the

11. There is strong evidence for the failure of Brizola in the state of São Paulo in the 1989 election. Ames (1994) had shown that Brizola had support in Sao Paulo only in the municipalities closest to the border with the state of Rio de Janeiro. Electoral support to Brizola fell rapidly, as the analysis moves away from that border.

positive coefficient of infant mortality rate loses significance and the signal is inverted, while insignificant, for the fraction of elderly people in the municipality.

As expected, all the dummies for year were significant, while with regard to the variables of municipal expenses, only total municipal expenses were significant in the three models. However, unlike what we had been expecting, its signal was negative, indicating that voters do not reward the presidential incumbent when there is greater spending by the municipality. Expenses with personnel, on the other hand, were not significant in any model and investments were significant only in the fixed effects model, where it had a positive sign.

6. ROBUSTNESS CHECKS

In this section we verify if the growth in energy consumption *per capita* is a good proxy of the municipalities' economic performance. In order to do that, we remake previous analyses using the growth rate of real municipal GDP, the most appropriate way to measure economic performance. Unfortunately, we only have data for the years 2002 and 2006.

Table 5 - Robustness check

| votes | OLS | RE | FE |
|------------|------------------|------------------|----------------|
| encos | 3.529 | 3.529 | 6.729 |
| | 2.209 | 2.247 | 4.756 |
| gdpgr | 3.877* | 3.877* | 8.125** |
| | 1.727 | 1.741 | 3.086 |
| lencons | -1.556*** | -1.556*** | -4.421 |
| | 0.238 | 0.166 | 4.417 |
| fpop60 | -0.249* | -0.249** | 0.380 |
| | 0.124 | 0.088 | 1.163 |
| colmayor | 0.967 | 0.967 | 1.361 |
| | 0.601 | 0.606 | 1.144 |
| Irim | -0.211 | -0.211 | -1.367 |
| | 0.519 | 0.493 | 1.012 |
| ltotalex | 0.555 | 0.555 | 10.610 |
| | 1.232 | 0.869 | 7.090 |
| linvestexp | 0.779 | 0.779 | 1.712 |
| | 0.573 | 0.502 | 1.274 |
| lstaffexp | -0.048 | -0.048 | 1.889 |
| | 0.210 | 0.136 | 1.859 |
| metrop | 2.162 | 2.162*** | - |
| | 1.154 | 0.547 | - |
| _cons | 45.085*** | 45.085*** | -21.078 |
| | 8.771 | 5.666 | 48.884 |
| N | 1160 | 1160 | 1160 |

Note: * < 0,05 / ** < 0,01 / *** < 0,001

With a view to do this, in Table 5 we reran the analyses made in Table 4 with the inclusion of the new variable: the growth rate of real municipal GDP (*gdpr*). If the growth in energy consumption *per capita* is a good proxy, it is expected that its effect disappears once the true variable is included in this model¹². And this is exactly the result that we have found, demonstrating that the findings of the previous section are robust and significant and that the rate of growth in total energy consumption *per capita* in the municipality is a good proxy for municipal economic growth in the election year. Furthermore, the only variable that is significant and positively related to the proportion of votes obtained by the incumbent in the most appropriate model, the fixed effects, is the variable of interest *gdpr*. On the other hand, in the other models (*POLS* and *RE*), both the level of energy consumption and the proportion of the elderly population were negative and significant in relation to the proportion of valid votes obtained by the incumbent.

7. CONCLUSIONS

The purpose of this paper was to analyze whether the economic growth has an effect on the proportion of votes obtained by the incumbent in a sample of the population of the municipalities of the state of São Paulo for the presidential elections of 1994, 1998, 2002, 2006 and 2010. As a measure for economic growth, the rate of increase in energy consumption *per capita* was used. Other variables of interest were also analyzed, particularly those relating to the role of the mayor as a member of the incumbent's party coalition, municipal expenses, the elderly fraction of the population, the level of total energy consumption (which served as control for the level of income) and the rate of infant mortality.

The main results confirm that there is strong evidence of a relationship between economic growth and the votes obtained by the presidential incumbent in all the models we estimated. We also saw that the level of energy consumption and the proportion of elders was negative and significant, suggesting that the greater the economic potential of the municipalities, the greater the tendency to vote against the incumbent.

Another important finding was the role that mayors play within the incumbent's electoral coalition when it comes to transfer votes that are favorable to the party in power. The relationship between the presence of an allied mayor and the votes transferred to the incumbent in all the models proved to be statistically significant and with a fairly relevant positive effect. Also, we observed that a higher infant mortality rate tends to favor the incumbent, which seems to indicate that worse socio-economic conditions tend to result in a more government-oriented electorate.

We reaffirmed those results by modeling the same variables using additional dummies for years as control for external shocks and confirmed the main results, except for the effects of municipal expenses, which presented very unstable coefficients throughout the whole of the modeling exercise.

12. Wooldridge (2002) presents two formal requirements for a proxy variable. The first, and most important, is that the proxy variable z should be redundant in a structural equation. In other words, a good proxy must be irrelevant for explaining the dependent variable y once controlled for the true explanatory factor x . The second requirement is that the correlation between the omitted variable x and each other regressor be zero once we partial out z .

Finally, some important topics were highlighted and must be addressed by future research. First, the fact that the proportion of elderly citizens in a municipality demonstrated to be related to lower incumbent support must be analyzed with care because, as we are dealing with aggregate data, we cannot affirm with certainty that the elderly people are opposition prone or that other segments of the population are activated against the incumbent when there are more elderly people in a town. Second, the positive impact of infant mortality rate in the election year can be an indicator that municipalities suffering from poorer socio-economic conditions tend to have a more government-oriented electorate. We claim that other research strategies can be used to illuminate whether this hypothesis is true or not. And, finally, the role played by the mayors in an electoral coalition must be studied so that we can improve our understanding of the relations between national and local politics in Brazil.

In short, this paper has produced evidence that is favorable to the hypothesis of economic voting in presidential elections in the State of São Paulo by indicating a positive and significant impact between growth in energy consumption *per capita* and the votes obtained by the presidential incumbent, while at the same time indicating that the mayor plays a key role in these same national elections.

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PACE OF MODAL SHIFTS IN INTERNATIONALIZATION PROCESSES WITHIN A FIRM

Velocidade das alterações modais nos processos de internacionalização na firma

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ABSTRACT

Our understanding of the temporal dimension of the internationalization of the firm is incomplete at best. Based on this knowledge gap, this article analyzes how the internationalization processes within a firm can be differentiated according to the pace of modal shifts. We built a qualitative, retrospective longitudinal, embedded case of the internationalization of a Brazilian medium-sized firm that established a footprint in 16 foreign markets over nearly three decades. We find that its internationalization processes can be classified into three groups as far as pace is concerned: an Unmovable Internationalization Process, an Inert Internationalization Process and an Accelerated Internationalization Process. We then call attention to a mismatch between the pace of learning and the modal shifts in the firm's internationalization processes. Further, we suggest a new picture of the internationalization of the firm by proposing the existence of a number of internationalization processes that unfold at distinct paces within a single firm.

Keywords: Pace. Internationalization process. Internationalization of SMES. Learning and modal shifts.

RESUMO

O nosso entendimento sobre a dimensão temporal da internacionalização é ainda bastante incompleto. Com base nessa escassez de conhecimento, o objetivo deste artigo é analisar como os processos de internacionalização na firma podem ser categorizados com base na velocidade das alterações modais. Nós construímos um estudo de caso incorporado de natureza qualitativa e perspectiva longitudinal da internacionalização de uma empresa brasileira de pequeno-médio porte que entrou em 16 mercados estrangeiros ao longo de mais de três décadas. Os resultados indicam que os processos de internacionalização podem ser classificados em três grupos quanto à velocidade: Processo de Internacionalização Imóvel, Processo de Internacionalização Inerte e Processo de Internacionalização Acelerado. Com isso, nós chamamos atenção para a assincronia entre aprendizagem e alteração de modo nos processos de internacionalização da firma. Ademais, nós sugerimos uma nova concepção da internacionalização propondo a existência de vários processos de internacionalização que se desenrolam em velocidades distintas em uma mesma firma.

Palavras-chave: Velocidade. Processo de internacionalização. Internacionalização de MPMES. Aprendizagem e alteração de modo.

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1. INTRODUCTION

One of the most salient features of research on the internationalization of the firm from a behavioral standpoint, in particular the Uppsala model (JOHANSON; VAHLNE, 1977) and its later revisions (JOHANSON; VAHLNE, 1990, 2009; VAHLNE; JOHANSON, 2013), is the attention paid not only to foreign market entry, but also to subsequent moves within a particular foreign market (WELCH; PAAVILAINEN-MANTYMAKI, 2014).

Although this stream of research has been very influential on theorizing in the International Business (IB) field (RUGMAN; VERBEKE; NGUYEN, 2011), we suggest that its outputs have been either tested inadequately (WELCH; PAAVILAINEN-MANTYMAKI, 2014) or used for framing empirical investigations rooted in rather different, yet often implicit basis (HOHENTHAL; JOHANSON; JOHANSON, 2014).

The majority of the empirical investigations are either cross-sectional or employ cross-sectional data to advance our understanding of a phenomenon conceptualized as evolutionary: internationalization processes (SHAVER, 2013). Thus, they fail to consider the temporal dimension of such processes (JOHANSON; MARTIN, 2015).

Needless to say, our knowledge of the how and the why aspects of the internationalization process of the firm is far more advanced than that of the when aspects (CASILLAS; ACEDO, 2013; HILMERSSON; JOHANSON, 2016). To some extent, this led Welch and Paavilainen-Mantymaki (2014) to claim that a truly process-based approach is urgently needed so that research on the internationalization of the firm can progress.

A similar claim was made some years ago (e.g. JONES; KHANNA, 2006), but is has seemingly gone unnoticed (CASILLAS, MORENO; ACEDO, 2012). For example, Benito, Pedersen and Petersen (1999, p. 226) state that “one important but largely unexplored issue pertaining to the dynamics of internationalization of firms concerns changes in the mode of foreign operation”. More recently, Gao and Pan (2010, p. 1573) have argued that “[...] little research has been devoted to the pace and dynamics of firms’ sequential entries”. Likewise, Casillas and Acedo (2013, p. 16) assert that “analyzing the pace of a company’s internationalization process following its first international activity is still wide open for further research”.

Of particular interest is the pace of the internationalization process of the firm¹. This embryonic literature concentrates on time to internationalize (CHETTY; JOHANSON; MARTIN, 2014), namely, the length of time it takes the firm to enter a foreign market. It also views this temporal dimension as either a dependent (e.g. CASILLAS; MORENO-MÉNENDEZ; 2014) or an independent variable (e.g. KHAVUL; PÉREZ-NORDTVEDT; WOOD, 2010). In the former, scholars examine the effects of factors such as social networks and age on the pace of the internationalizing firm (e.g. CASILLAS; ACEDO, 2013). In the latter, researchers consider pace as an antecedent of a firm’s performance in foreign markets (CHETTY; JOHANSON; MARTIN, 2014). Moreover, such studies implicitly assume that the internationalizing firm is a monolithic, undifferentiated actor (NACHUM; SONG, 2011).

1. Even though we use pace throughout the article, here pace is synonymous of speed (VERMEULEN; BARKEMA, 2002).

In this article, we depart from this tradition. First, we argue that pace does not necessarily equate with time to internationalize (CASILLAS; ACEDO, 2013). Thus, we consider not only the entry mode, but also modal shifts within each foreign market where the firm operates. Second, we contend that selecting pace as either a dependent or an independent variable has favored cross-sectional studies. As mentioned earlier, this research design frequently disregards how a particular temporal dimension (i.e. pace) shapes processes (i.e. internationalization). According to Abbott (2001), static studies have severe limitations in addressing evolutionary phenomena adequately because they compress the events of a sequence into a unit of time. Given that, we follow Kutschker, Baurle and Schmid (1997) and consider pace as one of the building blocks of the internationalization process of the firm. Assuming that pace is an intrinsic part of such process, we can use it to categorize different internationalization processes. Third, we suggest that the internationalizing firm is a differentiated actor (NACHUM; SONG, 2011). Rather than a single, uniform internationalization process, we advocate the existence of multiple internationalization processes within a firm (WELCH; PAAVILAINEN-MANTYMAKI, 2014). Nachum and Song (2011) and Welch and Paavilainen-Mantymaki (2014) contend that the internationalization process of the firm as a whole can be the result of a number of internationalization processes unfolding in different foreign markets.

Against this backdrop, we sought to analyze how the internationalization processes within a firm can be differentiated according to the pace of modal shifts. Hence, our research question is: How can the pace of modal shifts distinguish the internationalization processes within a firm?

We examine this question by tracing the internationalization process of a Brazilian medium-sized firm, CZM, in all the foreign markets where it has operated since its first international experience. This makes the case of CZM an interesting empirical setting. First, it embraces much more than a single foreign market, which is the option most often selected by IB scholars (HADJIKHANI; HADJIKHANI; THILLENUS, 2014). Second, it is regarded as a “long” process, which is rarely portrayed in IB studies (ZANDER, 1997; PAJUNEN; MAUNULA, 2008). Third, it illustrates the internationalization process of small and medium-sized firms (SMEs) from emerging markets. This empirical choice is under-researched in the IB literature (LAUFS; SCHWENS, 2014).

This article makes the following contributions. First, we show that the internationalization processes within a firm can be differentiated according to the pace of modal shifts. Not only does this finding point to distinct categories of a firm’s internationalization processes in terms of pace, but it also draws attention to categories often disregarded by the literature. Second, we identify a possible mismatch between the pace of learning and the pace of modal shifts for some categories of internationalization processes. This result challenges the taken-for-granted assumption of parallel evolution between them. Third, we open room for a new picture of the internationalization of the firm, namely, a conceptualization that takes into account the existence of a number of internationalization processes within a single firm that follow distinct paces in the foreign markets where they are embedded.

In the next section, we review the literature. Then, we explain our methodological choices for the study of the internationalization of CZM. In the following section, we describe

and analyze our case. The last two sections are devoted to discussing our empirical findings, developing our contributions and reflecting on the limitations of our study.

2. LITERATURE REVIEW

2.1 THE THREE ELEMENTS OF INTERNATIONALIZATION PROCESSES: HOW, WHY AND WHEN

Process-based research in management studies means tracing events over time with the aim of building trajectories (LANGLEY; SMALLMAN; TSOUKAS; VAN DE VEN, 2013). Briefly, a trajectory is a sequence of interlocked, interdependent events (ABBOTT, 2001) or a cumulative chain of interconnected events forming a discernible pattern (GEORGE; BENNETT, 2005). Scholars such as Abbott (2001) and Langley (1999) recommend paying attention to at least three elements of a trajectory: how, why and when². The “how” element identifies and describes the steps or events in a trajectory (ABBOTT, 2001). The “why” element explains the sequences of steps or events by probing into causes and mechanisms that drive the trajectory towards a particular path (ABBOTT, 1992). And the “when” element emphasizes temporality, such as the order of events and their pace (ABBOTT, 2001).

To some degree, this notion of trajectory lies behind the research on the internationalization of the firm from a behavioral point of view (FORSGREN; HOLM; JOHANSON, 2015). Scholars attempt to use trajectories to describe and explain how, why and when the firm enters and evolves in international spaces (WELCH; PAAVILAINEN-MANTYMAKI, 2014). Although Fortanier and Tulder (2009) call these sequences international trajectories, the label that is most frequently used is internationalization processes (JOHANSON; VAHLNE, 1977).

For Casillas and Acedo (2013), the literature pays unequal attention to the three elements of the internationalization processes. A special emphasis is placed on the “how” aspect of the internationalization process of the firm, corresponding to stages or types of sequences followed by firms in a foreign market. For example, Bilkey and Tesar (1977) suggest a number of exporting development phases. The well-known, but somewhat controversial, establishment chain is another example of this emphasis (JOHANSON; WIEDERSHEIM-PAUL, 1975). Yet, Cuervo-Cazurra (2007) introduces three types of sequences pursued by the so-called multilatinas, that is, multinationals from Latin America.

Kutschker, Baurle and Schmid (1997) posit that this line of investigation focuses on the most visible aspect of internationalization processes, thus leaving behind the drivers that set them in motion. To an extent, this bias is corrected in studies that describe and explain the generative mechanisms of the internationalization process of the firm, that is, the “why” element.

In this regard, the earlier Uppsala studies stand out as they suggest that the internationalization process of the firm is fueled by a self-reinforcing mechanism of market

2. Economic geographers concentrate on the spatial dimension of the sequence of events, corresponding to the where aspect of such sequence (YEUNG, 1988). In terms of the internationalization process of the firm, the concept of psychic distance deals with space and place (JOHANSON; WIEDERHSEIM-PAUL, 1975). Because this discussion goes beyond the scope our article, we refrain from reviewing the literature on psychic distance.

knowledge development (JOHANSON; VAHLNE, 1977). Later, relationships and networks are taken into account (JOHANSON; VAHLNE, 2009; FORSGREN; HOLM; JOHANSON, 2015). For example, Coviello and Munro (1997) found that relationships between SMEs and overseas partners for new product development played a role in the internationalization process of the firm. Jormanainenn and Koveshnikov (2012) concluded that SMEs from emerging markets relied heavily on networks for internationalization due to scarce resources to deploy abroad.

As we come closer to the third element of the internationalization process of the firm, the “when”, perhaps unsurprisingly we discover that our understanding is limited and sketchy (MORGAN-THOMAS; JONES, 2009; CASILLAS; ACEDO, 2013). This constitutes a problem since it is the “when” element that largely defines internationalization processes (KUTSCHKER; BAURLE; SCHMID, 1997). This oversight is paradoxical for a body of knowledge that claims to differentiate itself from economic-based internationalization approaches by being dynamic (JOHANSON; VAHLNE, 1990, 2009).

In order to help correct this shortcoming and make room for “putting process (back) in” (WELCH; PAAVILAINEN-MANTYMAKI, 2014, p. 2), we suggest that it is necessary to re-embed the internationalization process of the firm in temporality (ZAHEER; ALBERT; ZAH-EER, 1999) by making one or more of the following dimensions explicit: interval (CASILLAS; ACEDO, 2013), order (KUTSCHKER; BAURLE; SCHMID, 1997), rhythm (VERMEULEN; BARKEMA, 2002) or pace (e.g. CHETTY; JOHANSON; MARTIN, 2014; HILMERSSON, 2014; HILMERSSON; JOHANSON, 2016). This means analyzing how these dimensions shape the internationalization process of the firm. Following our research question, we chose the pacing dimension for closer examination.

2.2 PACE OF INTERNATIONALIZATION PROCESSES

Inspired by the literature on born-global firms (ZANDER; McDOUGALL-CORVIN; ROSE, 2015) or new international ventures (OVIATT; McDOUGALL, 1994), research on pace emphasizes time to internationalize (DIMITRATOS; JOHNSON, PLAKOYIANNAKI; YOUNG, 2016). It focuses on the time interval between the firm inception and the firm’s first experience in a particular foreign market. The major conclusion is that such firms start internationalizing activities as soon as they are founded (ZANDER; McDOUGALL-CORVIN; ROSE, 2015). Moreover, they accelerate their internationalization processes by entering multiple foreign markets simultaneously (WANG; SUH, 2009).

However, pace of internationalization processes does not necessarily equate with time to internationalize (CASILLAS; ACEDO, 2013). For example, Chetty, Johanson and Martin (2014) forcefully suggest that this time interval is only a particular facet of the pace of internationalization processes. There are other facets such as post-entry pace that deserve further attention to advance our understanding of the pace of the internationalization process of the firm (DIMITRATOS; JOHNSON; PLAKOYIANNAKI; YOUNG, 2016). This is the avenue pursued in this article.

According to recent reviews (CASILLAS; ACEDO, 2013; CHETTY; JOHANSON; MARTIN, 2014; HILMERSSON; JOHANSON, 2016), research on pace is in its infancy.

Scholars are still disputing how pace is conceptualized, as well as how it should be measured. Chetty, Johanson and Martin (2014, p. 633) argue that the concept of pace is “[...] under researched and scholars have provided little guidance for firms about how to manage and measure speed of internationalization”.

This is particularly true for SMEs from emerging economies (KHAVUL; PÉREZ-NORDTVEDT; WOOD, 2010; LIN, 2012). Such firms usually rely on exporting for operating abroad (MARTINEAU; PASTORIZA, 2016). Moreover, they lack experience and heuristics (CHILD; HSIEH, 2014), and suffer from institutional voids in their home countries (JORMANAINENN; KOVESHNIKOV, 2012). As a result, SMEs from emerging economies face difficulties not only in accelerating their internationalization processes, but also in promoting modal shifts into more advanced modes. Because these constraints are attenuated for MNEs, in particular those originated from developed economies, they turn out to be the most obvious choice for studying the pace of internationalization processes (CASILLAS; MORENO-MENÉNDEZ, 2014).

Broadly, pace refers to a particular distance covered within a particular time unit (CASILLAS; ACEDO, 2013). This definition is, however, translated into different measures of pace of internationalization processes. For example, Petersen and Pedersen (1999) suggest a measure that includes resource commitment, degree of irreversibility of resources and time elapsed since the firm’s first international experience. More recently, Casillas and Moreno-Menédez (2014, p. 91) have measured pace “as the number of days between the focal operation and immediately prior operation of the same firm”.

Notwithstanding, Casillas and Acedo (2013) and Chetty, Johanson and Martin (2014) forcefully suggest that the content validity of pace is higher when the measure connects a specific variation within a particular indicator to a specific unit of time. Casillas and Acedo (2013) and Hilmersson and Johanson (2016) propose indicators such as commercial intensity, commitment of foreign resources and breadth of international markets. Chetty, Johanson and Martin (2014), in turn, suggest that the state of internationalization is an appropriate indicator, which, in their study, is illustrated by the number of countries, the number of entry modes, the number of employees in international activities, the number of languages used, and the entry mode with foreign investment.

Another controversial issue relating to pace refers to the starting point for measuring pace of the internationalization processes. Prashantham and Young (2011) and Hilmersson and Johanson (2016) propose the foundation of the firm as ground zero. They argue that this point of departure takes into account both earlier (time to internationalize) as well as later (time after internationalization) phases in the internationalization process of the firm. By contrast, Petersen and Pedersen (1999) and Casillas and Acedo (2013) consider the first international experience of the firm as a starting point on the basis that this event is usually regarded as a watershed in the growth trajectory of the firm. Research on foreign market entry mode lends sound support to this line of reasoning (HENNART; SLANGEN, 2015).

Finally, scholars also diverge on the unit of analysis. Following Casillas and Acedo (2013), there are two possible levels: within a particular foreign market and across foreign markets. In the former, the pace of the internationalization process of the firm is measured separately for each foreign market where the firm has a presence. Consequently, the pace of the internationalization of the firm as a whole is calculated by averaging out the results of

the pace obtained for each foreign market. In the latter, the pace of the internationalization process of the firm is calculated regardless of the foreign markets where the firm operates. In this case, a state in a particular indicator is compared with a previous state within that indicator irrespective of the markets where the firm is spatially embedded (CASILLAS; MORENO-MENÉNDEZ, 2014). This is the option most frequently selected in IB empirical studies (e.g. HILMERSSON; JOHANSON, 2016).

These three issues are inextricably interlinked meaning that researchers must face them when conducting research on the pace of the internationalization process of the firm. In this article, pace is measured by considering the firm's first experience in each foreign market it enters. In addition, our measure of pace takes into account the modal shifts proposed by Benito, Petersen and Welch (2009, 2011) per foreign market (numerator) in relation to the number of years the firm has operated in each of such foreign markets (denominator). Thus, we measure the pace of modal shifts in internationalization processes. Finally, we preserve the sequences of modal shifts in each foreign market the firm has ventured in order to compare their paces. Thus, our unit of analysis is within the foreign market. In the next section, we justify such choices.

3. METHODOLOGY

We do not consider pace as either a dependent or independent variable in internationalization processes, but one of their building blocks (KUTSCHKER; BAURLE; SCHMID, 1997). Accordingly, pace illustrates the third element of internationalization processes ("when"), thus making the temporal dimension of these processes explicit (CASILLAS; ACEDO, 2013).

Such approach requires contextual, processual and longitudinal data (EISENHARDT, 1989). According to Langley, Smallman, Tsoukas and Van de Ven (2013), a qualitative approach developed by means of a retrospective longitudinal, embedded case study fits well with such requirements. In addition, research on pace of internationalization processes is "[...] still wide open for future research" (CASILLAS; ACEDO, 2013, p. 16). At this stage, a qualitative approach is very useful for developing and refining themes and constructs (EISENHARDT; GRABNER; SONENSHEIN, 2016), as well as creating typologies or categories of a particular phenomenon (GEORGE; BENNETT, 2005).

We developed our qualitative, retrospective longitudinal, embedded case study of a Brazilian medium-sized firm, henceforth called CZM. In order to select CZM we searched for firms that operated in as many foreign markets as possible. Yet, we sought for firms that displayed "long" internationalization processes. Most importantly, we needed free access to secondary and primary data. As pointed out by Langley (1999), building sequences of events requires data that are not easily retrieved. Further, these data must be triangulated in order to minimize bias stemming from memory. In such situation, convenience plays a big role in selecting the empirical case.

Indeed, the first author had personal contacts with individuals from the upper echelons of one of the most internationalized Brazilian manufacturing firms. Not only did

such contacts help get consent from the firm for carrying out research, but they also granted us free access to secondary and primary data.

In terms of secondary data, 282 pages were gathered from the following sources (Table 1).

Table 1 - Secondary data

| Source | Unit | Quantity |
|--|----------|----------|
| Contracts, addendum, and correspondence letters with sales representatives | Pages | 45 |
| Reports and production plans of the subsidiary | Pages | 61 |
| Catalog of products | Pages | 44 |
| Sales registers | Pages | 7 |
| Contact information of international customers | Pages | 4 |
| Power-Point slides | Pages | 121 |
| CZM and CZM-USA's websites | Websites | 2 |

Source: Authors.

Primary data came from 13 semi-structured, face-to-face interviews carried out in two waves between June and February 2014 in three countries: Brazil, the US and the UK (Table 2). All interviews were transcribed verbatim, resulting in 173 pages of double-spaced text. Such interviews were supported by a protocol containing questions concerning the foreign markets selected by the firm, reasons behind this choice, modal shifts in each foreign market and more importantly, dates of each modal shift in each foreign market mentioned by the interviewees.

Table 2 - Interviews

| # | Position | Duration (hours) |
|----|---------------------------------------|------------------|
| 1 | Founder | 0:17 |
| 2 | CEO (1st interview) | 1:27 |
| 3 | International Sales Director | 1:09 |
| 4 | Country Manager – USA (1st interview) | 1:17 |
| 5 | President of the Board | 0:18 |
| 6 | Manufacturing Director | 0:24 |
| 7 | Sales Manager Brazil | 1:14 |
| 8 | Sales Managers USA | 0:25 |
| 9 | International Salesman | 0:17 |
| 10 | Former Sales Manager Brazil | 0:50 |
| 11 | UK Sales Representative | 0:36 |
| 12 | CEO (2nd interview) | 0:27 |
| 13 | Country Manager – USA (2st interview) | 0:18 |

Source: Authors.

Our initial step of data analysis was to write as many documents as the number of foreign markets mentioned by the interviewees. Based on the interview excerpts, we outlined the internationalization process of CZM in each foreign market the firm had entered. Subsequently, we included, in these documents, extracts from secondary data that were more closely related to such foreign markets.

We found various discrepancies. For example, some interviewees mentioned that CZM had sold drills in both the Bolivian and the Mexican markets, whereas others did not remember about these foreign sales. We addressed such discrepancies by triangulating the data derived from the interviews with archival data and internal reports – in particular the sales register –, and by contacting some interviewees by either e-mail or phone (YIN, 1984). We ended up with 16 documents containing a preliminary account of CZM's internationalization process in 16 foreign markets.

Subsequently, we built 16 sequences of events (ABBOTT, 1992, 2001), namely, the entry mode and the subsequent modal shifts in each foreign market we had strong evidence that the firm had actually ventured (BENITO; PETERSEN; WELCH, 2009). We considered not only single, but also a package of modes (BENITO; PETERSEN; WELCH, 2011), the latter being broadly defined as a combination of individual modes for servicing a foreign market.

In reviewing the literature on modal shifts in the internationalization process of the firm, Benito, Petersen and Welch (2009, p. 1456) contend that prior studies tend to view modes as “lumpy, unitary entities”. Thus, what is effectively considered is only full modal shifts comprising changes from a specific mode (e.g. direct exporting) to another different mode (e.g. production subsidiary). As a result, a number of modal shifts in the internationalization process of the firm are left unexamined (PETERSEN; PETERSEN; BENITO, 2003). Similarly, packages of modes are usually disregarded (BENITO, PETERSEN; WELCH, 2011).

Reasoning in this way, Petersen, Benito, Welch and Asmussen (2008) suggest categorizing modal shifts according to the activities of the value chain performed by a firm, the governance forms employed (e.g. equity vs. non-equity) and the foreign markets in which those activities are deployed. Later, Benito, Petersen and Welch (2009) develop four broad types of modal shifts: within-mode change, mode role change, mode addition or deletion and full mode change. Within-mode change is the subtlest form of modal shift, and often represents an adjustment in the mode, such as switching sales representatives. Mode role change denotes the addition or subtraction of an activity to the mode in a same foreign market. Adding upstream activities such as R&D to a production subsidiary is an example of mode role change. Mode addition or deletion is an increase or reduction in the number of modes used by the firm such as adding direct exporting to licensing. Full mode change represents a complete change of the mode, such as shifting from direct exporting to production subsidiary.

In this article, we follow this suggestion. Hence, we initially identified the entry mode and searched for any within-mode change, mode role change, mode addition or deletion, and a full mode change undertaken either sequentially or simultaneously in each of the foreign markets where CZM has operated.

Having mapped out the sequences of modal shifts (the “how” element), we turned to the “why” element of these internationalization processes (CASILLAS; ACEDO, 2013). In this regard, we aimed to discover why CZM switched modes (or not) in each of its internationalization processes. Our major source of evidence was the interviews, since we explicitly asked the individuals why CZM had changed a particular mode in a given foreign market.

Then, we analyzed the “when” aspect of the internationalization process, this being the aspect of the internationalization process of the firm examined in this article. Following the aforementioned categorization of modal shifts (BENITO; PETERSEN; WELCH, 2009, 2011), we identified when CZM changed modes (i.e. month and year) and the length of time it took to promote such changes.

We rewrote all of the documents by placing emphasis on how, why and when CZM had entered each foreign market, as well as on how, why and when it engaged in modal shifts in those foreign markets. To our narrative, we added excerpts from the interviews and secondary data in order to lend support to our analysis. We then sent the reports to the CEO, the country manager in the USA, and the country manager in Brazil for comments and criticisms. In general, they agreed that the reports were an accurate portrayal of the internationalization of CZM.

Our next step was to calculate the pace of the internationalization process of the firm. As discussed earlier, this measure is best represented by a ratio between a particular dimension of change and a specific unit of time. In our case, the dimension of change is the number of modal shifts CZM carried out in a particular foreign market. For example, in Argentine, CZM added indirect exporting to direct exporting (mode addition) only once. This corresponds to one modal shift in that foreign market. It is worth making the general point that measuring pace of modal shifts as such implies focusing only on how often a firm switches modes. Thus, this does not include the magnitude or direction of modal shifts, such as increase or decrease in resource commitment³.

The definition of the unit of time was nested within two further specifications: the starting point and the unit of analysis. Because the concept of pace in the SME internationalization process is still controversial (CHETTY; JOHANSON; MARTIN, 2014; HILMERSSON; JOHANSON, 2016), we found no clear recommendations in the literature on how to measure it. As a result, we decided to calculate the pace of the internationalization process of CZM by referring to previous works. Following Casillas and Acedo (2007) and Casillas and Moreno-Menéndez (2014) we chose the firm’s first international experience as the starting point. Based on Hilmersson (2014) and Hilmersson and Johanson (2016), we considered firm inception. But in accordance with the rationale offered by Casillas and Acedo (2013), we selected the firm’s first experience in each foreign market.

We contrasted these results with our 16 internationalization processes and concluded that the starting point should be the firm’s first experience in each foreign market. Consequently, the unit of analysis should be each foreign market.

3. We thank an anonymous reviewer for calling our attention to this point.

These parameters led us to measure pace as follows: the number of modal shifts in relation to the number of years elapsed from the first experience of the firm in each foreign market.

$$P_j = \frac{\sum_j M}{\Delta_{(Y-y)_j}}$$

where P is pace, j is any given foreign market, M is modal shift, Y is the ending point of the internationalization process, and y is the year of foreign market entry.

For example, we mentioned earlier that CZM carried out one modal shift in Argentina. Since it entered that market in 1994, the number of years considered here is 19 years. Therefore, the pace of CZM internationalization in Argentina is 0.05 (one modal shift divided by 19 years).

A note on the ending point of the internationalization processes is deserved. In our case, this point is the same for all processes, corresponding to the last year we have data about the internationalization processes within CZM: 2013.

We defined this ending point based on an informal conversation with the country manager of the United States. Specifically, we noticed that after entry, CZM was not involved with exporting another piece of equipment to some foreign markets such as Singapore and Ecuador for 17 years and nine years respectively. Neither did it change the foreign market entry mode (indirect exporting and direct exporting respectively) in that period.

We then asked the interviewee whether we should consider that CZM no longer operated in those markets. He explained that, for CZM, operating in some foreign markets means not only exporting equipment, but also providing after-sales services and supplying spare parts. In addition, we noticed that in some foreign markets such as Venezuela CZM only exported a second piece of equipment 10 years after entry. Based on these pieces of evidence, we concluded that CZM still operates in the foreign markets analyzed in this article⁴.

Our last step in the data analysis involved undertaking a comparative analysis in order to find out similarities and differences across the sub-cases. We discovered that these processes followed different paces, leading us to categorize them into three distinct groups (GEORGE; BENNETT, 2005). The first group refers to internationalization processes wherein CZM had not changed the servicing mode within a “long” time span ($N=12$). The second group corresponds to internationalization processes marked by a single modal shift within a “long” time span ($N=3$). The third group includes a single internationalization process. In such process, we observed a number of changes during the time length analyzed in this

4. As a sort of robustness check, we studied different ending points. We considered that CZM exited a foreign market (mode deletion) if it had not exported equipment in five, seven and ten years. Our results are virtually the same. We still obtain three categories of internationalization processes distinguished in terms of pace of modal shifts. However, the number of internationalization processes classified into each category changes. Depending on the time window, some internationalization processes previously categorized into Unmovable have to be classified into Inert.

article. Therefore, these distinct groups point to a category of internationalization processes characterized by post-entry zero pace; a category in which the internationalization process follows a slower pace in terms of modal shifts; and finally, a category of internationalization process in which the development in the foreign market is more accelerated.

4. THE INTERNATIONALIZATION OF CZM⁵

CZM was founded as early as the 1950s as a reseller of salvage construction machinery. Having already repositioned itself as a foundation equipment manufacturer (e.g. drilled shafts, continuous flight augers and pile drivers) it had its first international experience in the late 1980s. In the following 27 years, CZM entered 16 foreign markets, each one representing an internationalization process. Such processes are grouped into three categories according to the pace of modal shifts: Unmovable Internationalization Process, Inert Internationalization Process and Accelerated Internationalization Process (Table 3).

4.1 UNMOVABLE INTERNATIONALIZATION PROCESS

The Unmovable Internationalization Process category comprises 12 internationalization processes. CZM entered nine foreign markets through direct exporting (Paraguay, Colombia, Australia, Ecuador, Venezuela, Nigeria, El Salvador, the Dominican Republic and Russia), two foreign markets through indirect exporting (Colombia and Singapore) and one foreign market through joint venture (Italy). We explain the entries in these foreign markets as follows: i) the customer itself contacted CZM interested in equipment, thus characterizing a reactive internationalization; ii) deals originated in trade shows in which CZM participated; and iii) opportunities developed either by CZM itself or by an independent sales agent. Entry in Italy happened to facilitate businesses between CZM's US subsidiary and its main supplier.

Although the foreign market entry modes selected by CZM vary, the internationalization processes classified in this category show a common pattern of sequential moves: The firm does not make any change in or/and within modes. This means that the firm exported more pieces of equipment and spare parts, as well as serviced local customers through the mode selected in the market entry. In this sense, the post-entry pace of these internationalization processes is zero.

For example, CZM was contacted by a Colombian firm and directly exported two drills in 1993 to that market. Even though it sold eight more drills over the years, it did not change the entry mode. Similarly, entry into India took place in 1995 when CZM sold a drill to a customer who, two years earlier, had contacted the firm in an international trade show. After seven years, CZM directly exported four more pieces of equipment to different customers. This means that the foreign market entry mode remained unchanged.

5. Due to space concerns, we report an abridged account of CZM's internationalization processes. The full report is available from the authors at request.

Interestingly, no similarity emerges within this group in relation to either date of entry or foreign market. This means that the Unmovable Internationalization Processes are bounded by neither entry timing nor geography. For example, internationalization processes with zero pace were triggered in earlier (e.g. Paraguay and Colombia) as well as later (e.g. Russia and Italy) phases in the internationalization of CZM. They were also spatially embedded in a number of foreign markets spanning countries from South America (e.g. Colombia and Venezuela) to Central America (e.g. the Dominican Republic and El Salvador) as well as from Africa to Asia (e.g. Nigeria and India).

When we asked the interviewees why CZM had not changed the initial foreign market, a number of factors emerged. They referred to the firm level of satisfaction with the entry mode, lack of firm experience and resources, long geographic distance and language barrier. The satisfaction with the entry mode is emphasized by the sales manager in Brazil when discussing the internationalization process in the Dominican Republic, “[...] the exporting process was very simple as well, we sent technicians, it was always very easy to send spare parts, exporting the equipment, I handled all the documentation, very easily”. The negative aspects are summarized by the international sales director, when discussing the use of an agent in Singapore, “[...] there was a huge gap in terms of technology; even painting the equipment, and how to export. We didn’t have much experience with shipping [processes] either”. The CEO also explained the reason for using mostly exports in Latin American countries, “Brazil was always on the edge, so we were always trying to export, we traveled around Latin America, we wanted to sell [equipment]”.

Market size is, however, the factor which was most emphasized by the interviewees to explain why the entry mode remained unchanged. According to them, in foreign markets such as Paraguay, Australia, Ecuador, Venezuela, Nigeria, and El Salvador, the construction industry comprises a handful of firms that import equipment sporadically. Thus, there was no perceived need to change the initial foreign market entry mode. The CEO illustrates this when discussing the internationalization process in El Salvador, “It’s tough when the country is small. We went to El Salvador. It was so much work, and it only has one foundation company”.

Although CZM remained with the initial mode, we noticed that the interviewees pointed out that to a greater or lesser degree, the firm had learnt a great deal about those foreign markets with time. The firm had acquired knowledge about: i) how to make deals in such foreign markets; ii) how to adapt equipment to the specific needs of local customers; iii) how to write contracts and deal with exporting paperwork; and iv) how to make adjustments and refine the extant servicing modes without changing them. The internationalization process in Colombia illustrates this, as reported by the sales manager in Brazil,

We had two large customers there, so we exported some heavy equipment, we started to export large equipment. The technical support after sales was better, they realized it. [...] So we developed an advantage, with technical support after sales, equipment that we were able to develop, a technology that was good for them. [Interviewee #7]

The fact that CZM learnt a great deal about operating in those foreign markets with time signifies that sticking with the initial mode did not impede learning in the foreign

markets. Thus, the pace of modal shifts did not follow the pace of learning about foreign markets in the Unmovable Internationalization Processes.

4.2 INERT INTERNATIONALIZATION PROCESS

The second group is dubbed Inert Internationalization Process and comprises three internationalization processes that involve a single modal shift after entry.

CZM entered Argentina and England through direct exporting, and Uruguay through indirect exporting. The former resulted from the efforts of CZM to prospect customers through either local visits (Argentina) or ads in a trade magazine (England). The international sales director told: “We put an ad on a magazine named GeoDrilling, he [the English customer] saw it and called us”. The latter has its roots in an independent sales agent who identified an opportunity in that market. The CEO told: “And there was a friend [of the founder] who worked with exporting [...] he took our product brochures and distributed them [throughout Latin America]. [...] and we exported a truck mounted drilling rig to Uruguay”.

After entry, CZM promoted a single modal shift in each foreign market over the years. In both Argentina and England CZM added indirect exporting to direct exporting (mode addition). Since then, CZM has operated in both foreign markets through a package of modes comprising indirect and direct exporting. In Uruguay, CZM replaced indirect exporting by direct exporting (full mode change).

Serendipity explains why CZM added indirect exporting to direct exporting in Argentina. An independent sales agent sold equipment to a local customer and continued to make deals in that foreign market. He earned a commission per equipment sold. The modal shift in England is explained by network ties. CZM met an English sales agent through one of its customers. The agent was interested in establishing a formal representation, to which CZM agreed. Nonetheless, sales to its first customer in England were not covered by the contract, so CZM continued exporting directly to that customer. By contrast, CZM was not satisfied with the Uruguayan sales representative and decided to carry out exporting activities on its own. Following these modal shifts, CZM deemed that extant modes were adequate for operating in those three foreign markets. In both Uruguay and England, the modal shift was carried out shortly after entry. By contrast, in Argentina it took 14 years for CZM to switch the foreign market entry mode. As calculated here, the pace of Inert International Processes is 0.057, corresponding to an average change every 18 years.

The internationalization of CZM in England is a nice example. The firm entered the English market in 1999 by selling a drill to a firm that saw an ad in a trade magazine. Two years later, CZM started selling equipment through indirect exporting by accrediting a sales representative. Since 2001, CZM has been operating in this foreign market with a package of modes (indirect and direct exporting). During this period, CZM has deepened its knowledge about the English market by reinforcing existing customer relationships as well as developing a number of new relationships. In total, it sold 33 drills, twelve to its first customer.

Similar to the Unmovable Internationalization Processes, we found that learning in Inert Internationalization Processes has increased with time. CZM has become more knowledgeable about local customers, sales representatives and internationalization routines.

Nonetheless, it carried out a single modal shift in a long time span. Thus, the pace of modal shifts did not follow the pace of learning about foreign markets in Inert Internationalization Processes. The English sales agent, for example, illustrated how CZM developed throughout their relationship,

Especially in the beginning, everything we have ever bought, really, we had to modify and update and upgrade, improve, so we did a lot of things like that right at the beginning. [...] So, that was a lot of, yes, from this direction, going to you, a lot of information and improvements that we did, we showed you how we did it and you learnt a little bit from us I think. [Interviewee #11]

4.3 ACCELERATED INTERNATIONALIZATION PROCESS

The last group, Accelerated Internationalization Process, refers to a single process displaying a higher pace. This means that the firm progressed more rapidly than it did in the processes classified in the previous group. Accordingly, the average pace of the Accelerated Internationalization Process is 0.43, corresponding to a modal shift every 2.3 years.

This is illustrated by the internationalization process in the US. Dating back to 1999, the firm entered the American market through indirect exporting. After selling six more drills through this distribution channel, in 2002, an American firm came into contact for licensing a technology developed by CZM. By granting the license, it started operating in the US with a package of modes (first modal shift).

Five years later, in 2007, CZM was involved with another modal shift. It added a new sales representative to the mode package (second modal shift). Shortly after, in addition to sales and marketing activities this sales representative started performing assembling activities. This mode role change corresponds to the third modal shift undertaken in the US.

Three more modal shifts follow. In 2012, CZM set up a production subsidiary (fourth modal shift), since it decided to fully exploit opportunities in the US market, which values American made equipment. After that, the firm started prospecting local customers on its own, because it was not satisfied with the performance of its sales representatives. As a result, it started selling directly to American customers (fifth modal shift). The sixth and last modal shift in the US took place in 2013, when one of the sales representatives started performing financing activities rather than just sales and marketing activities. This was necessary because the American market demanded rentals with purchase options (RPO) and leases, which demand capital, rather than direct sales. Overall, CZM sold 55 different types of drills to a number of American customers.

Some of our interviewees pointed out that the more CZM learnt about the US market, the more it generated continuous sales. The more sales increased the more it switched modes. Such modal shifts involved more resource commitment (e.g. from indirect exporting to a complex combination of modes comprising direct exporting, licensing sales and production subsidiary). This, in turn, enabled CZM to learn more about how to operate in the US. Although both learning and modal shifts in the US were inextricably linked, we lack evidence of whether their rates evolved concurrently.

Table 3 - CZM's internationalization processes

| Foreing Market/Year | 1986-1992 | 1993 | 1994 | 1995 | 1996 | 1997 | 1998 | 1999 | 2000 | 2001 | 2002 | 2003 | 2004 | 2005 | 2006 | 2007 | 2008 | 2009 | 2010 | 2011 | 2012 | 2013 |
|---|-----------|-----------------|------|------|------|------|------|------|------|----------------------|-------------------|---------|---------|---------|---------|-------------------|-------------------|------|------|------|-------------------------------------|-----------------------|
| Unmovable Internationalization Processes | | | | | | | | | | | | | | | | | | | | | | |
| Paraguay | DX | DX | | | | | | | | | | | | | | | | | | | | |
| Colombia | DX | DX | DX | | | | | | DX | DX | | | | | | DX | DX | | | | | |
| Singapore | | | | IX | IX | | | | | | | | | | | | | | | | | |
| India | | | | DX | | | | | | | DX | | | | DX | | DX | | | | | |
| Austratia | | | | | | DX | DX | | | | | | DX | | | DX | | | | | | |
| Ecuador | | | | | | | | | DX | | | | DX | | | | | | | | | |
| Venezuela | | | | | | | | | | | DX | | | | | | | | | | DX | |
| Nigeria | | | | | | | | | | | | | | DX | | | | | | | | |
| El Savador | | | | | | | | | | | | | | | DX | | | | | | | |
| Dominican Republic | | | | | | | | | | | | | | | | | DX | DX | DX | | | |
| Russia | | | | | | | | | | | | | | | | | | | | | | DX |
| Italy | | | | | | | | | | | | | | | | | | | | | | JV |
| Inert Internationalization Processes | | | | | | | | | | | | | | | | | | | | | | |
| Uruguay | IX | DX ¹ | | | | | | | DX | DX | | | | | | | DX | | | | | |
| Argentina | | | DX | DX | DX | | DX | DX | | | | | DX | DX | DX | DX | DX | DX | DX | DX | DX + IX ² | DX + IX |
| England | | | | | | | | DX | | DX + IX ² | DX + IX | DX + IX | DX + IX | DX + IX | DX + IX | DX + IX | DX + IX | | | | | |
| Accelerated Internationalization Processes | | | | | | | | | | | | | | | | | | | | | | |
| United States | | | | | | | | IX | IX | IX | IX+L ² | IX+L | IX+L | IX+L | IX+L | IX+L ³ | IX+L ⁴ | IX+L | IX+L | IX+L | IX+L+P ² +S ² | IX+L+P+S ⁴ |

Notes: DX – Direct Exporting; IX – Indirect Exporting;
JV – Joint Venture; L – Licensing; S – Sales Subsidiary. P – Production Subsidiary;
1 – Full Mode Change; 2 – Mode Addition; 3 – Within Mode Change; 4 – Mode Role Change.

Source: Authors.

5. PAGES OF INTERNATIONALIZATION PROCESSES

Our results show that the internationalization processes triggered by CZM in 16 foreign markets during nearly three decades can be grouped into three categories. In the first category, Unmovable Internationalization Process, we include internationalization processes that show no modal shift after the entry mode is selected. This means that the firm still operates in each of those foreign markets by using the initial entry mode (SWOBODA; ELSNER; OLEJNIK, 2015). The second group comprises internationalization processes wherein a single modal shift was undertaken over time. In this case, the firm evolves more slowly by implementing a unique mode change (PEDERSEN; PETERSEN; BENITO, 2002). We name these internationalization processes as Inert. Finally, the last group includes accelerated internationalization processes in which a number of modal shifts are carried out over the period of time (PEDERSEN; PETERSEN, 1999).

This categorization suggests that continuous, long-term internationalization processes within a firm vary considerably according to the pace of modal shifts (MORGAN-THOMAS; JONES, 2009; CASILLAS; ACEDO, 2013), going from processes that show no change after the foreign market entry to processes that go through various modal shifts. Hence:

P1: The internationalization processes within a firm can be distinguished according to the pace of modal shifts into Unmovable Internationalization Processes, Inert Internationalization Processes and Accelerated International Processes.

We remark that the Unmovable and the Inert Internationalization Processes are scarcely portrayed in the IB studies (CASILLAS; ACEDO, 2013). Moreover, they stand in sharp contrast with the bulk of the research on the internationalization of the firm from a behavioral standpoint.

First, the literature pays little attention to Unmovable Internationalization Processes, which consist of internationalization processes that display no change. Therefore, it has little to say about SMEs that enter a particular foreign market and remain operating in it in the long term without necessarily switching modes (SWOBODA; ELSNER; OLEJNIK, 2015).

In fact, modal shifts have attracted much more interest than mode continuation (BENITO; PEDERSEN; WELCH, 1999). Perhaps this is because change in modes is assumed to be “commonplace and something to be expected” (PEDERSEN; PETERSEN; BENITO, 2002, p. 327). Hence, switching costs are minimized as the firm learns how to operate in a particular foreign market (PETERSEN; PEDERSEN, 1999). Modal shifts turn out to be easier, less costly and less risky (PEDERSEN; PETERSEN; BENITO, 2002). Our results challenge this view. Rather than an assumption, we suggest that whether and how often an internationalizing firm switches modes with time in a given foreign market is an open question.

Second, even though research concentrates on internationalization processes that exhibit modal shifts (HILMERSSON; JOHANSON, 2016) it usually does not differentiate between different paces of internationalization processes within a firm (ACEDO; CASILLAS,

2007; CASILLAS; ACEDO, 2013) such as those that evolve more slowly from those that develop faster. Since the temporal dimension is usually disregarded (CASILLAS; MORENO; ACEDO, 2012), it is often implicitly assumed that they can be analyzed through a similar lens.

A handful of conceptual and empirical works lend support to our findings that Unmovable and Inert Gradual Internationalization Processes represent legitimate and distinct types of internationalization processes as far as pace of modal shifts is concerned. For example, Anderson and Coughlan's (1987) influential paper on exporting channels suggests that they are difficult to change. Jull and Walters (1987) found that firms only rarely induce changes in modes. On average, it took the selected firms 13 years to change the foreign market entry mode. Similarly, Pedersen, Petersen and Benito (2002) found that two thirds of the sampled firms remained with the same mode after five years.

Because Unmovable and Inert Internationalization Processes have hardly been reported in the literature, these results remind us that research about such processes is urgently needed. We recommend formulating research questions that are markedly different from those addressing faster internationalization processes. For example, we found that entry mode does not change in the Unmovable Internationalization Process group. In this case, should we not ask why the firm is stuck with its initial choice? Are there factors that obstruct or deter firms from making mode change? If so, our investigation should tackle obstacles to change rather than change drivers (BENITO; PEDERSEN; WELCH, 2009).

A closely related argument is that changes in the Inert Internationalization Process group seem to be an exception rather than the norm, with a notion that resonates with structural inertia (HANNAN; FREEMAN, 1984). For this group, instead of asking why and how things change, should we not study why the firm is involved with few mode changes in the long term? What is the interplay between inducements and deterrents for modal shifts? Are there classes of modal shifts in the Inert Internationalization Processes that are more difficult to change?

Differently put, these results suggest that changes in modes are not necessarily the outcome of internationalization processes (JOHANSON; MARTIN, 2015); or, if they are, they may be rarer and less rapid than generally assumed (BENITO; PEDERSEN; WELCH, 2009). Hence:

P2a: Modal shifts in some internationalization processes within a firm (i.e. Unmovable Internationalization Processes) are inexistent.

P2b: Modal shifts in some internationalization processes within a firm (i.e. Inert Internationalization Processes) are one-off.

In analyzing the pace of internationalization processes within a firm, unexpectedly we found a possible mismatch between the pace of learning and the pace of modal shifts in foreign markets, in particular in the processes categorized as Unmovable and Inert. Precisely, CZM learnt a great deal in foreign markets by, for instance, reinforcing extant relationships (exploitation) or engaging in new relationships (exploration) with customers or representatives (BECHMAN; HAUNSCHILD; PHILIPS, 2004). In doing so, it developed new

routines for operating internationally and refined extant modes (CASILLAS; ACEDO, 2013). However, it did not modify the foreign market entry mode. This situation corresponds to our Unmovable Internationalization Process.

In other foreign markets, CZM learnt more rapidly than it switched modes. In such cases, we found a single modal shift during a long time span (i.e. from 13 years to more than 20 years). According to our qualitative evidence, it is doubtless that CZM acquired more knowledge in the period when modal shifts remained unchanged. Thus, the pace of modal shifts did not follow the pace of learning. This situation corresponds to our Inert Internationalization Processes.

These findings open up the possibility of disentangling learning from modal shifts in foreign markets (FIGUEIRA-DE-LEMOS; HADJIKHANI, 2014). Rather than taking for granted the assumption that the more the firm learns in a particular foreign market the more it commits tangible resources to it (JOHANSON; VAHLNE, 1977), our results dissociate the pace of modal shifts from the pace of learning in foreign markets. (JOHANSON; MARTIN, 2015). Hence:

P3: The pace of modal shifts differs from the pace of learning in Unmovable and Inert Internationalization Processes.

In sum, we show that even within a single firm, internationalization processes vary according to the pace of modal shifts. That is, there may be multiple internationalization processes inside a single firm that follow distinct paces. This result suggests that the internationalization of the firm as a whole is much more intricate and complex than portrayed in the extant literature (HADJIKHANI; HADJIKHANI; THILLENUS, 2014). It seems to be a combination of a number of internationalization processes following diverse paces (KUTSCHER; BAURLE; SCHMID, 1997). Therefore, rather than a single pace, future research should consider multiple paces of modal shifts in the internationalization processes within a firm.

6. CONCLUSION

We started this article claiming that the “when” element of internationalization processes has not received due attention in studies of the internationalization of the firm (CASILLAS; MORENO; ACEDO, 2012), in particular SMEs from emerging markets (JORMAINENN; KOVESHNIKOV, 2012; LIN, 2012). Based on this research gap, we analyzed how a particular temporal dimension – pace –, could be used to distinguish the internationalization processes within a firm.

Unlike previous studies, which viewed pace as either a dependent or an independent variable (e.g. ACEDO; JONES, 2007; HILMERSSON, 2014, HILMERSSON; JOHANSON, 2016), we considered pace as of the building blocks of the internationalization of the firm (KUTSCHER; BAURLE; SCHMID, 1997. Being an intrinsic part of internationalization processes, we analyzed pace accordingly. We showed how pace of modal shifts shaped such processes (WELCH; PAAVILAINEN-MANTYMAKI, 2014). As a result, we rediscovered see-

mingly ignored patterns of internationalization processes, as well as rethought the relation between the pace of modal shifts and the pace of learning in the internationalization of the firm.

Based on our findings, we contribute to the literature in a number of ways. First, we suggest that internationalization processes within a firm can be distinguished according to the pace of modal shifts. In this article we propose three categories: Unmovable Internationalization Processes, Inert Internationalization Processes and Accelerated Internationalization Processes. Second, we show that Unmovable and Inert Internationalization Processes represent distinct categories of internationalization as far as pace of modal shifts is concerned. As argued earlier, they are often neglected in IB empirical studies, thus compromising our knowledge of the internationalization of the firm from a behavioral standpoint. In this vein, we posit that a more nuanced understanding of both of them requires research questions that are markedly different from those usually tackled by IB scholars. Third, we challenge the taken-for-granted assumption of pace of learning *vis-à-vis* modal shifts. Rather than being equivalent, we document a mismatch between paces of modal shifts and learning in a given foreign market (CHETTY; JOHANSON; MARTIN, 2014) in particular for the processes categorized into Unmovable and Inert. Fourth, we analyze the pace of internationalization processes that unfold within a single firm. This means that the internationalization of the firm comprises multiple paces of internationalization processes in the foreign markets in which they are embedded (MAITLAND; ROSE; NICHOLAS, 2005; NACHUM; SONG, 2011). We suggest that this paints a rather novel picture of the internationalization of the firm in terms of the pace of modal shifts.

However, this study has a number of limitations. The research method used here eschews statistical generalization in favor of the deep understanding that a clinical case study provides (YIN, 1984). In addition, our findings are bounded by a number of contextual factors such as time and country of origin. In this regard, we draw attention to the boundary condition stemming from CZM type of business. This firm manufactures heavy equipment used in the construction industry. Different from consumer goods, this type of product is not exported continuously to foreign markets where the construction industry is either incipient or composed of few firms. This may be a powerful modal shift deterrent. We also placed emphasis on a particular temporal dimension of the internationalization process: pace. However, this dimension can be illustrated by other indicators such as interval (CASILLAS; ACEDO, 2013), order (KUTSCHER; BAURLE; SCHMID, 1977), and rhythm (VERMEULEN; BARKEMA, 2002). Consequently, new patterns of internationalization processes will eventually be unveiled if one of the other indicators is taken into account. Finally, although we used different measures of the pace of modal shifts based on previous studies and selected the one that more closely reflects our qualitative results, we acknowledge that other measurements are possible and might have led to somewhat different results.

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MERDE! TEACHINGS FROM RUSSIAN ART TO ORGANIZATIONAL LEARNING

Merde! O que a arte russa tem a ensinar à Aprendizagem Organizacional

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ABSTRACT

Considering the human being in his entirety is to understand him as a spiritual being, who does not separate the existential from the instrumental, who finds and shapes the meanings of what he experiences in the action or while acting, can be a path to more adequate responses to the present society (LINCOLN; GUBA, 2006). In this article, we relate concepts and practices in Russian art with Organizational Learning (OL). From Vygotsky's ideas on Double Stimulation and the method of Ascending from the Abstract to the Concrete, used in learning theories like the Cultural-Historical Activity Theory (CHAT), we sought to establish a connection between the potential of art to stimulate and develop man's learning as a spiritual being and OL. Art offers the possibility of awakening a spiritual force that can move man and "awaken" him to his role of agency, transforming his life and his reality. This relationship is established by bringing Vygotsky and Stanislavski together, and we use the method of the Russian playwright to propose a draft method that considers art as medicine and a cure for organizations to understand the human being in his entirety and also for them to be constituted as spaces for development.

Keywords: Organizational Learning. Art. Spirituality.

RESUMO

Considerar o ser humano em sua integralidade e entendê-lo como um ser espiritual, que não separa o existencial do instrumental e que encontra e molda os significados do que vive na ação, pode ser um caminho para repostas mais adequadas à sociedade atual (LINCOLN; GUBA, 2006). No presente artigo, relacionamos conceitos e práticas na arte russa com a Aprendizagem Organizacional (AO). A partir das ideias de Vygotsky em *Estimulação Dupla* e o *Ascender do Abstrato para o Concreto*, utilizadas em teorias da aprendizagem como a Teoria da Atividade Histórico-Cultural, procuramos relacionar o potencial da arte de estimular e desenvolver a aprendizagem do homem como ser espiritual com a AO. A arte tem a possibilidade de despertar uma força espiritual que pode mover o homem e "acordá-lo" para o seu papel de agência, de transformador de sua vida e de sua realidade. Esta relação se estabelece com a proximidade de Vygotsky e Stanislavski, e utilizamos o método do dramaturgo russo para propormos um esboço de método que considera a arte como remédio e cura para as organizações compreenderem o ser humano em sua integralidade e constituírem-se em espaços de desenvolvimento.

Palavras-chave: Aprendizagem organizacional. Arte. Espiritualidade.

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1. OPEN UP THE CURTAINS!¹

We think it is appropriate to name this article with that expression of French origin (*Merde!*), which for the actors and people involved with theater means “good luck” or “a good show”. The story goes that at the time when people used carriages as a means of transport, the more carriages in front of the theater, the more manure from horses were left in the streets. Soon, people would come into the theater with their dirty shoes, making the amount of “shit” left in the doormats a synonym for full house.

We point out that emotions sometimes have a scent that most organizations are not willing to “feel”. According to Campbell (2003), the suppression and denial of emotions is part of the process of rationalization, Puritan virtue and the Illuminist project that subordinates everything to Reason, Progress and Science. Organizations are, quintessentially, a place of vigilance and control, dominated by instrumental rationality and oriented towards efficiency, creating an unfavorable environment for emotions and learning to be experienced.

Although neglected for years, the theme of emotions has been approached from several perspectives. Initially confined to discussion ghettos, it has gained more and more space. Biologists, neurologists, psychologists, psychoanalysts, and even economists have elaborated on the subject. Although the philosophy of Plato and Descartes postulates antagonism between emotion and reason, emotions have increasingly been understood as a significant part of rational decision (VINCE; GABRIEL, 2011).

In the postulates of Organizational Studies (OE), the fundamental contribution of Organizational Learning (OL) lies in understanding emotions as a social construction, as being acquired and learned in collective experiences (HODDER, 2016; VINCE; GABRIEL, 2011).

We wrote this theoretical essay based on the exchange of experiences between teacher and student in the context of graduate studies in Administration. The first one, based on theoretical-empirical understandings of Organizational Learning, and the latter with the experience of those who, over the last decade, have dedicated themselves to the management of creative teams in corporate spaces: people with a clear artistic spirit, designers, advertisers, artists who seek to fit into the organizational environment and who, on a daily basis, negotiate with the demands that the market and the organizations impose on them, and who, nevertheless, emotionally engage with the fruit of their work, signify each stage of the process, suffering and delighting in it, imprinting their marks and being transformed as they develop it.

The present essay is written from the perspective of those who believe that man has the potential to transform his reality when inspired by a spiritual force that is inherent to him, but which can remain dormant throughout his life; from the perspective of those who understand that man, as a social and historical being, suffers the weight of the culture and structures of his time and context. Structures that have restraining power over his path and his trajectory, until the moment when this spiritual force awakens him to assume his role of

1. Throughout this article we are using ‘he’, ‘him’, ‘his’ herein as a gender-neutral pronoun, even though some people use the third person plural or the pairs ‘she/he’, ‘her/him’, ‘hers/his’.

agent, of protagonist of his own life, resignifying his relations and releasing his potential of transforming himself and the world around him.

It is in this respect that art can act as a stimulus, an inspiration and a method for the expansion of the human being, for the development of potentialities, for a more integral life, which comprises the totality of being. Art can be the medicine and the cure. For Weber (1998), the rationalization and bureaucratization of life has “caged” the subject; Adorno (1999) sees the Cultural Industry as an impediment to the formation of autonomous, independent individuals capable of judging and deciding consciously, and states that art has the power to liberate man from these moorings, granting him autonomy and humanity.

Our goal in this article is to relate Stanislavski’s method to OL, seeking approaches that may contribute to the expansion of knowledge and the internalization of learning. We looked for ways to do so by establishing connections between the Russians Vygotsky, a theorist of human development and learning, an interested scholar of the arts as a model for teaching-learning (WEDEKIN; ZANELLA, 2016), and Stanislavski, his contemporary, who, with his method, revolutionized theater and is a reference, to this day, when one seeks a deeper, more intense art, marked by the individuality and emotion of being, as opposed to the emptiness of the cultural industry. Some learning theories, such as the Activity Theory (ENGESTRÖM, 1999; COLE; ENGESTRÖM, 2001; SANNINO, 2011; QUEROL; CASSANDRE; BULGACOV, 2014) have used Vygotskian concepts such as the Double Stimulation and the method of Ascending from the Abstract to the Concrete. It is by considering such concepts that we begin this connection, an exercise of reflection, to subsequently offer a first proposal of a method for learning with the help of Stanislavski’s system.

Some efforts have also been made to use art in OL. Vera and Crossan (2004) bring improvisation theater and improvisation in companies together and highlight some important aspects so that good results can be obtained. The first one is recognizing the uncertainty of success in an improvisation. The second one is that in theater, for a good improvisation, the emphasis must be on the process, not the final outcome, which differentiates it from organizational interests. Finally, they point out aspects such as agreement, awareness and collaboration so that improvisation can bring good results. Pässilä and Oikarinen (2014) offer the idea of using theater techniques to create a polyphonic environment in which meanings and changes take place in a continuous collective learning experience. We also cite the relevant work by Daved Barry (2008), who makes a conceptual review of art, suggesting that the use of art concepts may represent a rupture in management. This author considers the idea of workers acting as Artists and modifying the organizations, an idea with which we align our discussion in this text.

This discussion is important for the organizational environment, since the theories of OL are still incipient when it comes to understanding the worker as an integral being and recognizing that neither the moment nor the result of learning can be controlled; and are even more reticent in terms of allowing this to happen as an initiative from the organization, because it presupposes flexibility and the acceptance that it is impossible to control everything. However, we see that by favoring that human beings develop as a spiritual being, and are allowed to create, leave their mark, even if it may be contrary to organizational objectives, this process may even bring an indispensable de-homogenization to the organization. Although there are no guarantees of success, growth and increment in the most positivist

understanding of the term, it certainly opens space for differentiation, for relevance, for authenticity, for innovation, concepts that are so valued and often so distant from the reality of organizations.

We structured this article in three sections, in addition to the introduction: theoretical contributions, method proposal and conclusions. The titles are also inspired by theater expressions and we sought to make the meaning of this relationship explicit at the beginning of each section. In section two, we discussed how the different theories of OL have comprised the worker and in what points they have advanced in the sense of conceiving him as a spiritual being, capable of being the author of his history. In section three, we started to construct a proposal of a method for OL, trying to bring the ideas of Vygotsky and Stanislavski together. In section four, we draw the conclusions and suggest future directions for the continuity of this proposal.

2. TABLE-READ

“Table-read” is the expression used in theater for the first reading of the script in a joint way, in which each actor comes in contact with the lines of his role. In this section, we refer to the theoretical review on learning and work in organizations.

2.1. UNHEALTHY ENVIRONMENT FOR LEARNING

When we think of OL, we want to consider it in its broader aspect, that is, in organizations inserted in a capitalist system of industrial production in a consumer society. It is in this context that labor relations take place, and it is under this logic of rationality, efficiency, specialization, utility that people are measured. This space of control and search for efficiency does not favor the elements that facilitate learning, so we consider it unhealthy. At a time when words such as hybrid, ambidextrous, liquid, multidisciplinary are becoming more frequent, it is important to rethink the way we see man in his organizations and his relationship with work.

Marx (1968) states that work is central to the life of man; it is the externalization of the being, it is the materialization of that which is essential, it is a way of expressing humanity, of manifesting that which is highly individual, transforming the world and providing the satisfaction of needs. For this reason, he regards the capitalist labor relation as alienating, as it separates, by the process of specialization, the man from the fruit of his effort. According to this premise, man loses his relationship with the final product, because the latter does not belong to him, he only has his wage, because the wealth, the product, the value of what was produced does not belong to him. The product ceases to have use value and is replaced with exchange value.

In moving away from what he produces, man loses all the affective and emotional relationship he had with the product of his work, an experience that the artisans had with their creations and the artists still maintain. Fayga Ostrower, a renowned artist, teacher and thinker of the arts, regards this as a process of “desensitization of people” (OSTROWER,

1981), arguing that we no longer perceive the productive process as a process of transformation.

Man himself becomes a commodity, replaceable as soon as he gets out of the so-called productive cycle – of commodities, of course [...] But it turns out that **the real human qualities – which are the achievements of man: creativity, imagination, courage, love, understanding, maturity, the very experience of life – cannot be commodities and cannot be replaced.** They are qualities of growth and each one of us has to conquer them for ourselves. (OSTROWER, 1981, p. 2 – our translation, emphasis added)

Besides the lack of relation with the product of the work, the control exerted on the organizational environment does not favor learning either. The false idea that one can control everything and the relation of production to time (production rate), which was established in the industrial revolution in search of greater productivity and efficiency, has created a locus of control and punishment. Foucault (2014) shows how this logic permeated organizations, not only “productive” organizations, but also schools, hospitals, subjecting and creating “docile bodies” so that they assimilate the system.

It is in this space that theories of organizational learning have been developed and, therefore, have a paradoxical characteristic. Weick and Westley (2004) present the antagonism of terms that constitute this expression; while organizing presupposes order, decreasing variety; learning involves disorganizing and increasing variety. In relation to this oxymoron, these authors propose a review on the understanding of the terms “organization” and “learning”.

By accepting the organization as a culture, the paths to understand organizational learning open up. Just as culture presupposes identity, and it is transmitted to a group through language, artifacts and routines of action, so organizational learning is understood as a collective process that is deemed effective when assimilated and inserted into the structure of organizations (WEICK; WESTLEY, 2004). The contradictory nature of terms is for authors also the path to learning moments, which means that it is neither a matter of completely eliminating order nor of refuting any initiative that deviates from the norm. It is a question of flexibilizing technical rationality (WEBER, 2004) and allowing creativity to find its space; of allowing innovations to be incorporated while the organization keeps its cultural identity; of finding space in the routines so that moments of learning take place and enable resignification or change.

In the view of Bitencourt and Azevedo (2006), facilitating learning involves sensitizing, opening space to contradictions, to error, to multiple possibilities, to humor as ways of questioning that which is crystallized; of improvising as a way of experiencing new alternatives. Learning confronts the positivist view that tends to seek a unique and correct response. The paradox, the contradiction, the complexity, the multiplicity, the rupture are characteristics of this ambivalent juxtaposition that allows learning to occur.

The understanding of who learns in the organization, that is, whether learning occurs at the individual level or whether the organization learns, remains open in different approaches. However, there seems to be a tendency for most approaches to understand

learning as a social, dialectical process. In the view of Antonello and Godoy (2011), research could pursue the idea that this process is interpersonal.

Gherardi (2007) conceives learning through active participation in the daily practices of the organization, a process that flows naturally, whether consciously or not, that runs through the organizational life, as part of human existence and involves man's capacity, pre-reflected, tacit knowledge, focused awareness and his subsidies, feelings and perceptions, situated in a historical and social context. The living knowledge built in the relationships and reflections necessary in moments of rupture.

According to Reckwitz (2002), Theories of Social Practice are seen as part of cultural theory, but new authors are distinguished from classical theories by the way they understand and explain action. The classical theories are based on the understanding of the *homo economicus*, that explains action on the basis of the purposes, intentions and individual interests, and the view of the *homo social*, that explains the action oriented by norms and collective values. The new theories consist of understanding action as a reconstruction of the symbolic structures of knowledge, which allow the subject to interpret the world and behave in a corresponding way; it is a joint, collective construction of shared symbolic cognitions and structures.

In the Theory of Practice, the social world is not constructed in the mind, neither in discourse nor in interactions, and social practice is envisaged as a routinized type of behavior and understanding, as patterns of understanding, of knowing and desiring. Practice as a way of doing and saying that appears in different places and times, held by different minds and bodies. The body as the locus of social practices, the mind as the place of the know-how to perform them; objects as bearers of particular meanings necessary for many practices; knowledge as collective, shared, deeply embedded in history, in culture, and expressed in specific ways of understanding the world. The routinization of discourses and structures guide the way the body behaves in the practices. The individual is regarded as the only one capable of interpreting the crossover of bodies and minds routinized by social practices (RECKWITZ, 2002).

The literature on OL has addressed two premises as opposites and competitors, a cognitive approach (individual learning) and a more participatory approach (collective approaches of practice). Elkjaer (2005) presents a third way that does not deny the role of cognition, but conceives organizations as social worlds in which learning happens through research experience in order to solve a problem, and through which knowledge is actually elaborated by reflection or by reflective thinking.

The third way proposes the understanding that thought is instrumental in the process of participatory learning and that learning has its place in the social process. It is an intuitive process that unites the individuality of the subject, his body and emotions, his past experiences and the environment in the action of seeking for a solution. Once the problem is solved, reflection allows the creation of relations between the experience and the solution, which produces knowledge.

When pointing to a third way, Elkjaer (2005) inspires us to reflect on the dialectics of organizational changes that include CHAT: a tradition that has its first generation in Vygotsky and that has advanced, with the contribution of other contemporary authors, to

understandings more focused on the organizational environment. In this line, the understanding of development no longer refers to the positivist idea of the term and refers to the learning process and growth of the individual as he relates to his work, the artifacts, the context and the people around him.

Vygotsky (1978) inaugurates a new understanding of development and learning by arguing that the first occurs on two levels, the real and the potential. The real development would be the mental age, identified by what the child can accomplish alone; the potential development is what the child can accomplish with the help of other people, an adult as the teacher, for example. What is between the real and the potential is what he called the “Zone of Proximal Development (ZPD)”, what will be learned, the potential, what will happen and not what has already been accomplished. Therefore, the child develops when faced with challenges that at first he cannot solve when challenged.

Backed by Vygotskian ideas, Veresov (2010) transposes these concepts into the experience of adulthood by conceptualizing Learning as the Real (which is natural of the individual) and Ideal (that which is cultural). For this author, it is in the interaction between the real and the ideal that learning, development, take place.

Another difference between Veresov’s approach and Vygotsky’s is the understanding that the process of learning and development happens in cultural-collective relations and not only in the cultural-individual level. A child learns the first words to communicate with adults, even before they have reflected or assimilated their meanings. In this sense, Veresov (2010) points out that learning, according to the CHAT, is a process that passes through social experience mediated by signs (meanings) and artifacts (tools).

Veresov (2010) points out that these processes start from a dramatic exchange experience between two or more people. The study cites Vygotsky by pointing out that in these moments, when the emotions arise, people can reflect on their postures, review their positions, and in fact change their minds in a development process.

One of CHAT’s presuppositions is the centrality of the activity in the learning process. In the case of adults, work as the leading activity represents the socio-cultural notion of the group, that must be manifested by anyone who reaches the age or level of experience “expected” (group expectation) in a historically situated view (COLE; ENGSTRÖM, 2001).

Another important concept is that learning is mediated by artifacts, that is, objects are modified by human beings as a means of regulating their interactions, reacting to these objects in order to stimulate learning (COLE; ENGSTRÖM, 2001). In this line of reasoning, the idea of Vygotsky’s Double Stimulation is another pillar of this approach. Double Stimulation consists of placing the person before a problem beyond his capacities: this would be the first stimulus; the second is to provide a neutral object (artifact) that can awaken in the individual an appropriation that allows him to develop and solve the initial problem (CASSANDRE; GODOI, 2013).

Vygotsky places the emotions in a prominent place in the process of learning and development, which confronts the predominant rationalist view in organizational environments. Not only considering emotions, but knowing how to deal with them seems to us a great challenge in the organizational space; on the other hand, it also represents the possi-

bility of bringing understanding and experiences of personal and organizational development to other levels.

These interventionist approaches have taken the possibility of transformation, expansion, development of the human being as originating from the activity that is central to his life, i.e., work, seriously; and therefore, also located in the organizational environment. By understanding learning as a social process, as dialectic, collective, interactional, contextualized in time and space, experienced in practice, in daily living, which occurs in different ways, at different times, in different places, arising from paradoxes, contradictions, complexity, multiplicity and rupture, these approaches have sought to understand the human being in a more comprehensive way.

The wholeness of human beings includes his intellect, his body, his history, his emotions, and his spirituality. In our view, it is necessary to advance the understanding of the human being and the importance of facing him as an integral being, especially in his relationships and experiences in organizations. In the following sections we intend to lay the foundations of our understanding of man as a spiritual being and the possibility of art contributing as an artifact to the development of human potential in his main activity: work.

2.2. THE SPIRITUAL BEING AND SPIRITUALITY

In general, the practice and study of management has privileged analytical and easily quantifiable subjects, and has systematically avoided aspects related to emotions and spirituality (WADDOCK, 1999). This preference can be understood in light of the “Cartesian division” deeply ingrained in Western society: the separation between body, mind and spirit; between what cannot be known and the real; between objective and subjective; material and immaterial (WADDOCK, 1999).

OE's have made efforts to incorporate social aspects and a more complete understanding of the human experience in research on organizations. As for example, the idea of man reflected in the *Parenthetic Man* of Guerreiro Ramos (1984) and the idea of the *Emotional Man of Flam* (1990), and even the culturalist theories that understand man as an agent capable of social transformation (RECKWITZ, 2002). Thus, the comprehension of the integrality of the human being, of the inclusion of the emotions and of a spiritual possibility of extrapolating the rational and biological, still lacks conceptualization, especially when it comes to understanding man in organizations.

Organizational scholars have pointed to a future in which spirituality is portrayed and researched in organizations' studies more often. In this regard, Lincoln and Guba (2006, p. 190) assert: “We may be entering an era of greater spirituality within research efforts”. They also point to the possibility of understanding and promoting a fully human existence. Peter Reason (1993), in turn, asserts that secular science is inadequate for our times and argues for the need to re-sacralize our experiences of ourselves and the world. It is in this context that we propose the understanding of man as a spiritual being who can live fully on the basis of his leading activity: work.

To lay the foundations of spirituality as we understand it, we need to revise something that was present in Martin Luther's understanding of the Protestant Reformation

and which did not have the same impact on society as the consequences of the ascetic conduct of Calvinism. For this purpose, we return to Max Weber and his reading on the *Spirit of Capitalism* (WEBER, 2004). Weber points to Luther's understanding of vocation as a milestone for a change in man's relationship with work. According to the author, when translating the Bible, Luther re-signifies the word vocation (*beruf*), giving it the meaning of a life goal, a field in which to work (WEBER, 2004). In this sense, man is called by God to work. According to the reading of Weber (2004), this change allows the moral justification of worldly work, which, together with the idea of Calvin's ascetic conduct, would constitute the justification for the process of rationalization of society.

However, there is something in Luther's understanding of the vocation to work that has been forgotten and inspires us to rethink the role of spirituality in the practice and in understanding life in organizations. Weber (2004) points to Luther's monastic tradition and the understanding that prayer and work complement each other in the development of spirituality. Thus, the reformist understanding of work as a divine vocation means that work is part of the spiritual development, and therefore is "the outward expression of brotherly love" (WEBER, 2004, p. 7).

The spiritual being as we understand him, is the human being in his entirety. This encompasses his biology, body, mind, wants and emotions and his spirituality, intuition and consciousness. Ostrower (1981) claims that the spiritual is the dimension that goes beyond the biological; it is the essence of man. The spiritual has also been understood as the soul of the human being, the vital force of the individual, the energizing force (KAHNWEILER; OTTE, 1997).

We believe in the possibility of a deeper experience, infused with more meaning and passion, in organizations and in relation to work. This possibility involves the understanding of work as an expression of spirituality

If we want to create meaning in our own lives and want to help our students, clients, managers, **create meaning and passion in their lives**, then (my guess) we need to do much, much more to tap into their emotional and spiritual sides than the analytical approaches that dominant management education now allow. (WADDOCK, 1999, p. 342-343 – emphasis added)

Of course, the concepts presented in this section are still preliminary and inconclusive, and given the lack of references on spirituality in organizations, it becomes a broad field for the development of new research. Nevertheless, they seem to us sufficient to understand what we call spirituality. In the subsequent sections, we focus on the main purpose of this paper: to present a possibility of a method that brings the understandings of Vygotsky and Stanislavsky together, offering art as a process for the awakening of spirituality in the experience of Organizational Learning.

2.3. ART AS STIMULUS TO AWAKEN THE CREATIVE SPIRIT

As we mentioned in the introduction to this article, we believe that the individual can also be awakened to its role of agency, and thus be transformed, releasing his creative

and transformative potential when touched in his spirituality. Understanding the individual in his entirety implies recognizing him as a spiritual being. It is in relation to this aspect that we intend to deepen the discussion, offering art as a possibility to instigate the individual to create ways to solve his problems and to develop while learning in organizations.

The creative potential of man is accomplished within his own productivity. Stimulated by the challenge of needs to be satisfied, tasks to be fulfilled in order to better survive, in his work man imagines solutions and creates them. Likewise, art would be characterized as work, in the sense of being useful for the survival of man. More than useful, however, **art affects the human essence of man; adding new dimensions to existence, it transcends the biological being to characterize, in man, a spiritual being.** (OSTROWER, 1981, p. 1 – our translation, emphasis added)

The sense of *spiritual being* refers to the idea that the integral human being is more than physical, biological; he has an essence. Both the artist and the spectator somehow touch each other, or let themselves be touched in the depths of their beings and realize they have changed, they have been transformed. Art has the potential to reach the human essence, to surpass the physical, the biological and touch the wholeness of beings, and when it does, it creates new things, it changes man, adds new dimensions, affects the human essence. According to Stanislavski, the actor's work is directly related to the "complete concentration of his entire physical and spiritual nature" (GUINSBURG, 2008, p. 312). Art also has a practical use, since such as the interventionist perspectives of learning, it occurs in practice, in the production of solutions that allow man to lead better lives.

In view of its broader aspect, art has the potential to stimulate the subject to ask questions, to find contradictions, to deal with the complexity and multiplicity of experiences and to enable him to find ways to break with what is given, to develop and find solutions to his problems. Art is not committed to faithfully portraying reality, yet it does not emerge in a vacuum, it is deeply immersed in its cultural-historical context and is the expression of a set of values. It refers directly to our life, to the awareness of each viewer who receives it only and always alone. It is directed to the depths of our being (OSTROWER, 1959, 1981). It is in this process that it becomes liberating, because it finds in the human being something that is his own, that provokes the intellect and the emotions and goes deeper, reaches his subconscious, proposes Stanislavski (1982). By not referring to reality, art does not necessarily entail established thought patterns or cognitive relations, and even though the understanding of some signs may be common to individuals of the same culture, the relations and understandings will always be individual, due to the history, experiences, emotions, imagination, everything that involves each being. In this sense, art is directly related to the ideas of Vygotsky (1978), suggesting that art can serve as an artifact for the second stimulus, awakening man to new understandings, broadening horizons and offering a source for questioning and contradiction.

Stanislavski will be our inspiration and Vygotsky our intermediary to approach seemingly distant and even antagonistic worlds like Art and Administration. We boldly consider the latter all bureaucracy and the first one all feeling.

3. ENLIGHTENMENT - PROPOSED METHOD: THE CREATIVE SPIRIT AS STIMULUS FOR LEARNING

The Moscow Art Theater grew out of Stanislavski's dissatisfaction with historicist theater, based on sociological research, loaded with technical resources, discipline, and pragmatism that was produced at the time (GUINSBURG, 2010). But Stanislavski worried about his own acting. While vacationing in Finland in 1906, reflecting on the causes of his dissatisfaction with the way he acted, he concluded that in his performances as an actor he was not giving the roles the vital flexibility and organicity that they were supposed to present. He had the perception that he acted out of the stereotypes he had accumulated within himself, which was not unlike the old conventionalism of the theater he criticized. In his own words:

I copied naiveté, but I was not naïve; I moved my feet quickly, but I did not perceive any inner hurry that might cause short quick steps. I had played more or less artfully, copying the outer appearances of experiencing my part and of inner action, but I has not experienced the part or any real necessity for action. (GUINSBURG, 2008, p. 311 – our translation).

In facing this problem, he concluded that he would need to experience those experiences in an emotionally deeper way, with psychological authenticity and true emotion. And this stance deeply links the works of Stanislavski and Vygotsky; the Russian term used by both is the same, *perejivanie*, meaning the experience of emotionally relevant cognitive experiences (GUINSBURG, 2008). It is not a futile emotionalism, but a deep, dramatic intensity of experiencing inwardly something that is external, of living intensely, of being whole in what is lived.

Our art, therefore, teaches us first and foremost to create consciously and rightly, for this is the best way of opening the way to the flowering of the unconscious, which is inspiration. The more consciously creative moments you have in your roles, the greater the possibilities of a flow of inspiration. (STANISLAVSKI, 1982, p. 43 – our translation)

Stanislavski's method stems from these concerns and from the experiences he went through with his theater company. In his book *An Actor Prepares* (1936), Stanislavski organizes the steps or sessions in each of the sixteen chapters². In this first approach, we choose the chapters: II) When acting is an art; III) Action; IV) Imagination – because of space limitations and the need to conceptualize the bases for the development of a method for OL. Stanislavski's method is quite rich and offers many possibilities for connections with Organizational Learning. As this article is about a first approximation, our focus is on approaching some initial aspects of a learning method based on Stanislavski's ideas, certain

2. In his book *An Actor Prepares*, Stanislavski organizes the steps or sessions in sixteen chapters, namely: I) The first test, II) When acting is an art, III) Action, IV) Imagination, V) Concentration of attention, VI) Relaxation of muscles, VII) Units and Objectives, VIII) Faith and a sense of truth, IX) Emotion memory, X) Communion, XI) Adaptation, XII) Inner motive forces, XIII) The unbroken line, XIV) The inner Creative State, XV) The super-objective and XVI) On the threshold of the subconscious.

that this is only a sketch, but relevant, considering the distance and lack of studies involving art and organizational learning. Thus, we present a proposed method for organizational learning backed by the concepts in Stanislavski's book *An Actor Prepares*.

3.1 WHEN WORKING IS ART! (ASKING)

To carry out work as an art means to intentionally and consciously put oneself as a whole into the lived experiences of everyday life. Not ignoring the feelings, the emotions; on the contrary: putting them in what you do. Let us think of a method for organizational learning: what Stanislavski and Vygotsky assert then is that if we are to produce something that has relevance to ourselves and to the world, we cannot do it mechanically, dissociating it from who we are and how we understand the world. This discussion invites us to think, departing from the work, and therefore, from the organization, about a more integral, creative way of living this space.

It often seems that we have the ability to live completely separate lives: the professional life takes place in one sphere, and the personal life in another one. It seems that we are able to completely separate who we are from what we do. However, this schizophrenic posture, besides being impossible in practice, deprives our work of meaning in such a profound and alienating way that it can muffle it to the point of putting out the creative flame that burns inside the human being. The capitalist system and the specialization of labor collaborate in this process, but when we think of a spiritual human being, we understand that his capacity is not enclosed in the system, in the context, in the structure. We believe that he has the capacity to extrapolate that which is imposed onto him.

Even if one tries to live this dichotomous life, at some point these lines will intersect, and in that moment, there will be the possibility of development. Often this moment occurs during an outpouring of emotions, when we can no longer hold the internal pressure, and then, what we really are comes to the surface. When that happens, we truly connect with that moment and everything we are shows there. The problem is that neither the organization nor ourselves know how to deal with this, and we often miss the opportunity to use that emotion to expand and to develop.

The first point of the method proposes that we do this intentionally, that we free our emotions, let what we are feeling flow into the activity, so that, through it, we can resignify and shape our practice. It is about consciously reflecting on our emotions and allowing them to indicate goals that are worth pursuing. Hodder (2016) explains that emotions are genuine and significant; he calls them instances of intentionality, thus revealing our real intentions. This process will not always bring benefits from the progressive point of view, nor will this process always succeed, increase performance, maximize profits. It can, on the contrary, generate conflicts, resignation requests, painful changes, crises. Although there is little consensus, there is a common understanding that emotions can have positive and negative effects on people and organizations (HODDER, 2016; VINCE, GABRIEL, 2011).

The challenge for organizations is to assimilate these processes in order to allow and encourage people to experience their work more authentically. On the other hand, organizations can also benefit from this process, becoming more authentic and naturally different

from others. In this way, the harrowing search for market differentiation could take place in a more natural way, because, as human beings, we are naturally different, heterogeneous, unique.

Art itself, as an expression of the uniqueness and subjectivity of the human being, free from the logic of the cultural industry, represents a medicine and a cure for this dichotomy. Medicine because even as spectators, as observers, art can touch us to the point of raising questions, worries, unmasking the lies we believe in, revealing the structures that bind us.

I cannot insist enough on this point: art deals with values, not information. This explains why art must be created by the totality of man, being directed, in turn, to the totality of man, composed simultaneously by his intellect and his emotions. No judgment can exist in a vacuum. It will always be related to and will depend on defined, limited, unique situations that never involve a mechanical repetition. (OSTROWER, 1959, p. 2 – our translation)

Art also presents itself as a cure, because once we live as artists, as the spiritual beings we are, we will never be able to live in the perspective of the finite, the limitations of what we can see of reality, the pragmatic and mechanical void, the utility of the remuneration exchange. We will be impelled to transcend and signify, and, thus, to work as (if we were creating) art.

So, in the artist who tries to articulate the **spirit of its time** we should not see a soothsayer who emits forebodings about some vague future, but the **man who tries to penetrate deeply into the essence of his own life**, gaining consciousness in doing so. And it is this process of awareness that the spectator participates in, according to the particular situations in which he finds himself. (OSTROWER, 1959, p. 2 – our translation)

This is not a life alienated from reality, in an illusory world. It is not a matter of denying capitalism, of pretending that practical life does not exist, that making money is unnecessary, that the way out is to take refuge in a monastery, in a cave or in the forest. On the contrary, the proposal is that we should be so aware of our lives, of our history, of the social context, of the time in which we live and of our humanity, that based on such awareness we can let ourselves to be touched by a spiritual force that allows us to see this reality as possibilities of being what we wish to be.

If we are not accustomed to experiencing our own emotions and feelings, if we are not encouraged to access them, art itself can serve as an artifact to raise the questions that lead us to our essence. “Consuming” art can be a way to awaken the spiritual force that leads us to experience all walks of life in a more integral way; can be a way to experience work as art.

This point of the method presents itself as a transversal line that runs through the whole method; each point is imbued with this understanding and ontological posture.

3.2 ACTION (EXPERIENCING)

The action starts from a spiritual attitude, that is, it is directly related to the first step of this method. If we put ourselves spiritually into what we are living, our actions will reflect that. Then, we will be impelled to interfere, to propose different solutions, to question directions, to use our emotions and not to hide them. This will require the willingness of the organization to handle conflicts and contradictions dialectically, and will require the individual to come out of its hiding place and expose himself. It is in the action that spirituality is concretized. “[...] in theater all action must have an interior justification, it must be logical, coherent and real” (STANISLAVSKI, 1982, p. 73), that is, the process of placing oneself into what is being lived is a conscious first step in which reflection on emotions leads us to coherent actions.

Similarly, learning also takes place in practice; it will never be mere lucubration, it gains meaning in action. This second step tries to objectively and concretely externalize what we believe in. It is in the production of work that creativity surfaces; it is in the action that spirituality is concretized. “The creative potential of man is accomplished within his own productivity” (OSTROWER, 1959, p. 1).

In the method, when Stanislavski (1982) approaches the subject of action, he conditions the actions both to an earlier posture of goals and wholeness seen in the previous step, and to an imaginative projection, which entails an assumption, which refers to the “*what if*”. It is a resource of supposition that serves as a trigger for imagination. For example: “*What if a monster entered through this door*”. This assumption incites the imagination, “[...] if acts as a lever that helps us to get out of the world of facts, lifting us into the realm of imagination” (STANISLAVSKI, 1982, p. 73). This brings us to the next step of the method, the *imagination*.

3.3 IMAGINATION (RESPONDING)

Vygotsky (2009) also devoted himself to the theme of imagination; he studied how imagination occurs in children and how the social context interferes with how they construct their fantasies and imagination. He makes it clear that imagination has a positive role as a resource for the expansion of knowledge and for human development. Imagination touches reality in four ways: through a person’s accumulation and richness of experiences; by means of its relation with time in a process of incubation and transformation; in the emotional relationship present in the imaginative process; and through crystallized fantasy - the ultimate and final moment of an imaginative process. He demystifies the idea that children would be more imaginative than adults on the grounds that their repertoire, in terms of lived experiences, is smaller and, therefore, they would be less capable of making connections. In Vygotsky’s (2009) conception, imagination has the power to change reality and, consequently, is fundamental in the personal and social development.

Stanislavski considers imagination extremely important to the creation process of the actor. Without imagination, it is impossible to create. Vygotsky and Stanislavski regard imagination as innate, they believe that it is present in all human beings and that, although it

may be “endowed with its own initiative” (STANISLAVSKI, 1982, p. 90) in some people who develop it effortlessly, it can be stimulated or held back in each and every one. Here, again, art is presented as medicine; evidently, people who have been stimulated since childhood may have an easier time in developing imagination and creativity, but we have the capacity to stimulate our imagination and art can be a stimulus for that to happen. Faria and Alencar (1996) made a list of stimuli and barriers to creativity in the work environment, and the ones that stand out are the support from the boss and colleagues and the freedom to risk new possibilities. Organizations can stimulate or inhibit imagination and creativity.

Imagining is also answering! In Stanislavski’s method, imagination caused by “what if” questions arises in response to the questions raised in the first point of the method. To answer a question, we need to think, to imagine a situation that will serve as an answer to that question. To imagine is to create!

In the process of learning and development, imagination and creation are fundamental in the search for solutions; they are an expression of the awakening of man and reflect his most intimate understandings of the world. Everything that man is, is expressed in creation; creation is the representation of his spirituality.

The first draft of this method closes an *Ask > Experience > Respond* cycle. In other words, by putting oneself into the activity as a whole person, in awakening his spirituality, man constructs questions about what he is experiencing, questions that relate to the meanings and goals he has in relation to the activity. The first step then is to ASK. The second step is to experience, in the activity, what one believes; it is to experience the dilemma, the contradictions; to externalize the restlessness, to problematize, to strain, to stretch, while one can EXPERIENCE. The third step that closes this first cycle is to imagine solutions, to expand the possibilities; to use art as an artifact (the second stimulus proposed by Vygotsky), is to extrapolate the limits of structures and of the human being himself; it means to go beyond what is given to find answers. Imagining is RESPONDING.

The hexagon refers to the first step of the method “when working is an art!”. The idea is that the person, awakened by art, becomes an ARTIST and ASKS about his individuality, seeking to align his emotions, his experiences, his spirit and his body, that is, his full self, with his work. In this step, the person takes, to his professional activity, all the aspects that make up his totality. Hence, the hexagon appears smaller between the other circles representing the other steps. That is, the first step is essential and is present in constant dialectics with the ACTION and IMAGINATION that represent the following steps.

The circle with the label ACTION represents the second step, when the worker sees himself as an artist and takes his individuality to his work. The arrows that leave the center represent that the individual, when positioning himself as an ARTIST, will also take, to the activity, his values, his contradictions, his conflicts, his anxieties and his dilemmas. This causes the individual to put himself fully into the action. It is when the integrality of the being is experienced in the work that his values, contradictions, anxieties and dilemmas PROBLEMATIZE, STRESS and STRETCH the meanings and the very action, the very practice of work, and the act of stressing takes him to the third step.

The third step is represented by the circle labeled IMAGINATION. When the values of the individual reveal problems, they stretch the action and allow to extrapolate the ordi-

nary. The arrows that now extrapolate the circle represent this break, this act of going beyond the ordinary. It means creating new possibilities, finding new solutions, learning, using art as an artifact of this creative overflow. The central idea is that it is through this expansion of the subject to the activity that one can extrapolate the known and learn new ways. Learning, creativity and innovation become possible in a continuous and organic process. The longer arrows around the figure represent this continuous dynamic.

Although we have used the word steps, we use it from the perspective that learning is a journey. Subsequently, we can explore this point in Stanislavski's method that deals with a continuous line, linking the past, the present, and the future, that states that there are several lines that can be restarted whenever the questions are changed.

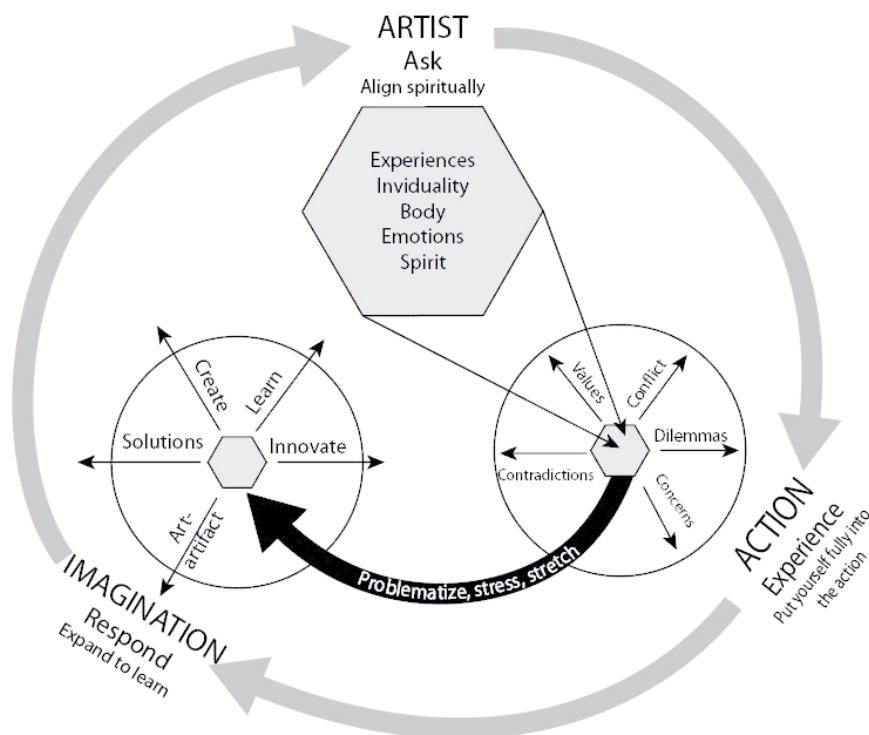


Figure 1 - Cycle of the proposed learning method

Source: Prepared by the authors.

In this article, we do not reach the apex of Stanislavski's method of reaching the subconscious (Chapter XVI of the book *An Actor Prepares*) as the deepest and most creative point of the human being, from which, in fact, all of his creative essence flows. We did not do this because this was the first approach of the method and because of the importance of knowing how to understand the human being in his entirety, as a spiritual being; this was a first movement so that further studies can deal with other steps of the actor's preparation based on Stanislavski. Other areas have long been devoted to such an understanding, but utilitarianism tends to stifle such approaches.

4. THE LIGHTS SWITCH OFF

In this article, we aimed to connect the actor preparation method of Stanislavski to OL, specifically to Vygotskian theories, seeking to advance in the theoretical understanding and in the construction of a method for the expansion of the human being as a spiritual being also in the organizational environment. The method presented herein fulfills this function by introducing several points of contact across existing theories, and by proposing to advance in some others.

In this sense, referring back to the dialectical view of the Russian tradition, it presents congruence and advances to theories such as the CHAT, since it understands that the subject, by putting himself into the activity, uniting his individuality, his body, his emotions, experiences, and from the contribution of Stanislavski can have a spiritual coherence. This spiritual coherence comes from the essence of the subject, which leaves what he feels flowing into the activity and thereby opens the possibility of re-signification and shaping the practice. It is in this process of experiencing practice in an emotionally profound (*perejivanie*), intuitive, intense way that the subject can ascend from the abstract to the concrete, expanding his previous reality and liberating his creative and transforming potential of himself and the society around him.

The three steps proposed by the method are possible to be experienced in organizations. However, it requires effort on both sides, the individual himself and the leadership of organizations. At the same time that the human being in the organization seeks to align spiritually, the organization could offer habitual, constant and planned spaces of encouragement for individuals to place themselves fully in the activity they perform (step 1). In this way, the individual would be impelled to bring his dilemmas, values, and restlessness into the activity; the organization would need to give space and be able to deal with these moments of “discomfort” (step 2), knowing, however, that it is this discomfort that allows both human beings and organizations to expand and learn, to find new creative paths, new solutions, and actually experience deep innovations. In practice, it is not a question of humanizing organizations, but of living human relations in a more humanized way.

We also consider it important to highlight some of the discussions and understandings that we have developed throughout this article to enlighten certain issues that we believe are pertinent to the agenda of discussions in the field of OL.

The perception of the human being: OL possesses the possibility of transforming reality; a possibility that stems from the subject, who appropriates knowledge, analyzes reality and transforms his surroundings, and, consequently, history. However, a word of caution is in order: in the capitalist society in which we live, this autonomy could be just a false idea created for specific purposes, such as a greater involvement and commitment of the subject to his activity. Despite the care we are suggesting in relation to such autonomy, in our view, perhaps the greatest contribution we make to this discussion is that what is missing, in these theories, is the understanding of man as an integral being; one that also comprises his emotions, spirituality and body. Our proposal in this article was to raise this question and discuss the importance of considering the integrality of the human being, of verifying that he can be touched in his spirituality in several ways, especially by art, as we

suggest. The understanding and conceptualization of man as a spiritual being, and that spirituality that involves work, needs to be deepened and deserves attention in new studies.

Emotions: in this study, we discuss emotions as part of the integrality of the human being. We deal with the need for the subject to align, considering his emotions in his work as indicators and motivators of what is really important to him and from which learning and innovation can emerge. We believe that this is an important point for future research within OL, and OE. We emphasize our interest in distinguishing the use of emotions as an instrument of power and manipulation for institutional interests (MOISANDER; HIRSTO; FAHY; 2016), from their understanding as being relevant to the integrality of the human experience in organizations (WADDOCK, 1999; FLAM, 1990, REASON, 1993).

Art as Stimulus: when Veresov (2010) uses the concepts of development possibilities of Vygotsky (1978) (Real-Potential, ZPD), he points to the importance of artifacts (tools) and signs (meanings) for development to take place from Real to Ideal. Cole and Engeström (2001) also point to the role of artifacts in the development process. Our method proposes art as a stimulus in two perspectives: 1) Art as Artifact: the consumption of art as an artifact for the awakening of spirituality, that is, as a stimulus for the healing of a state of alienation. And a second aspect, 2) Art as a Sign: as a process, as a way of putting oneself into the world, especially in relation to work, that is, art as meaning making or re-signifying the relationship with work. Art has been retrieved and valued in recent studies in OE (BARRY, 2008; PÄSSILÄ; OIKARINEN, 2014; VERA; CROSSAN, 2004), and the depth of Stanislavski and the Actor Formation method is still a rich source for future studies in OL.

The leading activity as part of what constitutes the human being: OL has worked with the concept that the leading activity of the subject is that which organizes his daily life (COLE; ENGESTRÖM, 2001). In this context, it seems relevant to think about work as part of what constitutes the spirituality of the human being. When we talk about man as a spiritual being, we recover an important point of the Protestant Reformation that, as Weber (2004) shows us, ends up not being assimilated by society: the idea that both work and prayer constitute aspects of spirituality (*ora et labora*). This sense extends the importance of work as the leading activity of adult life and allows us to understand its meanings beyond the instrumental aspects, considering it as constituent of identity and individuality. This is another topic that seems fruitful for further research.

Based on Barry (2008), we also suggest that the studies advance theoretically and empirically. The method we present could be used in small businesses where the owners are part of the main activity of the organization, or in new organizations such as Startups. It could also be used at managerial level, presented to employees and work teams. Additionally, it could be used as a tool in the construction of new organizational arrangements in periods of beginning new business or even in times of organizational changes.

Finally, we believe that it is necessary to overcome the Cartesian division, the separation of body, mind and spirit for a more comprehensive understanding of human experiences in organizations. If we want to build new possibilities for man's relationship with work, a relationship that encompasses his spirituality, we need to envision new organizations.

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IBICT. **Manual de normas de editoração do IBICT**. 2. ed. Brasília, DF, 1993, 41 p.

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BANKS-LEITE, L. As questões lingüísticas na obra de Piaget: apontamentos para uma reflexão crítica. In: _____. (Org.). **Percursos piagetianos**. São Paulo: Cortez, 1997. p. 207-223.

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ADES, C. Os animais também pensam: e têm consciência. **Jornal da Tarde**, São Paulo, p. 4D, 15 abr. 2001.

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PAIVA, G. J. Dante Moreira Leite: um pioneiro da psicologia social no Brasil. **Psicologia USP**, São Paulo, v. 11, n. 2, jul./ago. 2000. Disponível em: <<http://www.scielo.br/>>. Accessed on: 12 mar. 2001.

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