

Good essay on petrobras

[Business](#), [Company](#)



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Organization Behavior

Background

According to Fleury (2011), privatization of the oil companies in Latin America is one of the most discussed topics in management. Petrobras is a semi-public oil company in Brazil with its headquarters in Rio de Janeiro. Historians have narrated that even though there are differences in the cultural aspect of the Latin American countries, their histories can be narrated as one in terms of politics and privatization. Revolutions and independent movements in the early 17th century resulted to the increase in foreign debt and the rise of nationalism among the people.

In early 1930s, Latin American countries governance created state firms in energy, transportation, finance and other sectors and implemented industrial policies that emphasized on industrialization model that substituted importation, regulation of multinational corporations and raising tariffs. However, the economic system that resulted from the implementation was based on political capitalism, a developmental state and an executive bureaucracy. Under the above mentioned economic baselines, the two companies under study are governed: Petrobras and Vale do Rio Doce.

Privatization resulted from the need to transfer the leadership of the firms from political power to economic elites (Randall, 1993).

The company that is highly controlled by the state has separate business that has a devotion to refining its activities, which goes hand in hand with other operational activities such as commercialization, transportation and logistics. The company has got six major areas in management that makes it stand as the company with the highest number of business units in the region (Fleury, 2011). Some of the units specialize in marketing, refining, petrochemicals, among others such as distribution, energy, natural gas and international affairs. The company has created a management system where there are no boundaries between the management and operation units; hence, eliminating departmental barriers and the external environment. This has enabled establishment of the article of association where there is creation of a fiscal council with a wide mandate of auditing management actions and verifying their compliance with their legal administrative duties. The legal council also has the duty of issuing opinions on the company's investment plans, dividend distribution and capital budgets.

Additionally, the company has retained its financial and economic independence allowing them to fund investments through the use of its resources and bank financing. Petrobras is a mixed company in terms of investment under the governance of the law of public limited liability companies. The company has a management board, which has the role of designating the executive board with the chairperson and six directors. The management board also has the role of auditing the performance of the directors, setting their powers and reviews the records of the company at

any time.

The board members make decisions in unison, implying that collective decision making is the management style used in the company leadership. The structures of operation are created in the company in response to the prevailing dynamism in the environment and will increase the communication and cooperation among the employees and directors. The protocol and channels of communication and power ordering in the firm from the board of management to the low level employees indicates a prompt response to technical problems. This is the system that has enabled the company to be one of the leading global oil firms.

In terms of behavioral leadership in the company, there is task oriented leadership where the board of directors has the powers to appoint the directors and designate their roles; they provide instructions with the aim of increasing performance of the directors and the company at large. As mentioned above, the board has the powers to audit the departmental records and the performance of the directors. Maintenance of the leadership style in the company has resulted to a host of long term and positive business results (Bjerke, 1999). The company's corporate strategy bases on a number of growth targets, social and environmental responsibility and profitability. Some of the strategies include leveraging and consolidating the competitive advantages in the industry, promoting and taking leadership of the regional gas market and extending its biofuel market regionally.

Vale do Rio Doce

Viegas and Garcia (1993) explain that the company derives more than 65 percent of its revenue from iron ore within Brazil, while other mining

companies spread their risks to other commodities. Expanding to other areas is hampered by the facts answering the questions as to whether the company has the ability and whether it has the permission to expand.

Research indicates that the company has not proved that it can diversify and has a tricky relationship with the Brazilian government, which prefers that the company invests within the country (Fleury, 2011). This brings in the question of management and leadership as to whether it favors democracy or autocracy.

Although the company is one of the best performing firms in the region, the management style is tuned more to bosses than managers. The difference is that managers manage firms by leadership while bosses give directives to be adhered to without which stern measures are taken.

Research indicates that the firm has a solid bureaucratic management system that is hierarchical in structure. This system does not allow the employers to execute their management options effectively; hence, contributing to their underperformance. The management styles of some of the top management board leaders is prejudices the operation of the company due to the cultural diversity and intercultural awareness must be inculcated in the management system core of the firm (Behrens, 2009).

The problem with this management style is that top managerial levels do not pass information to the lower levels of management; leading to poor communication and interference in the smooth running of lower level operations in the firm. Growing in the company for the employees and managers is highly political and hard. The firm hires external resources; which undermines the efforts and motivation of the internal human

resources with low probability for promotion and recognition.

Additionally, the management has not looked into the plight of the employees since the operation sites are far from the firm and has led to hiring of third party firms with high turnover resulting to difficulty in running some of the operations. Therefore, feedback and recognition to low level management is missing in the firm.

Autocracy is the type of leadership where the leaders get all the control in dispensing tasks and making decisions without the knowledge of the low level leadership. The top leadership at the Vale do Rio Doce instructs the junior staff regarding what should be done without providing room for questions and consultation and their recommendations are ignored and shunned. Although this leadership style has been working for the firm in terms of quick decision making, the employees feel ignored and left out in key decision making; hence, affecting their motivation and satisfaction. The firm maximizes the leadership style in getting the job done in a particular way as it deems and disregards the creativity of the staff and their participation.

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