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AUTHORS

Luiza Branco
Marcel Balassiano

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Luiza Branco (Brazil), Marcel Balassiano (Brazil)

Principal versus principal conflicts in the Brazilian context

Abstract

The purpose of the study is to estimate the magnitude of the votes and the excess of votes of the majority shareholders in Brazilian companies grounded by the agency theory. The ownership structure of Brazilian organizations differs from Anglo-Saxon ones that are the most common studied. Thereby, there is a gap of literature about the conflicts between managers, shareholders and sprayed ownership in the Brazilian context. In Brazil, which has concentrated ownership structure, duality of classes of shares and strong presence of major shareholders, the conflict occurs between majority and minority shareholders. Thus, from a separation of majority shareholder types of Ibovespa companies of the year of 2010, the research is characterized as descriptive and explanatory. The author utilizes bibliographic and documentary resources, using the data system Economática of IAN's as well as Bovespa website for the analysis. The results showed that the capital structure of publicly traded companies is mainly concentrated on equity, occurring in several cases a considerable distance between the voting power and the power of the majority shareholders' cash flow. The results also suggest that publicly traded Brazilian companies have in most cases, a controlling shareholder – with more than 50% of the shares with voting rights of companies – and in many cases when there is not a controlling shareholder, there is a controlling bloc, formed by the three main majority shareholders of the companies.

Keywords: agency theory, Brazilian companies, cash flow, principal-principal conflicts, shareholder.

JEL Classification: G10.

Introduction

With the development of the financial market and the consequent companies capital opening (called open companies), emerge a “new actor” in the world of organizations, that is, the “professional manager”. This manager is different from the managers of closed companies (those that are not traded on the stock exchange) for not being the owner of the company but only its executive. This new role comes at a time when the owners (shareholders) of the companies need to play other roles in addition to management ally to a major division, or in other words, the company spraying. Thus the company becomes to have a large number of shareholders or owners. This allowed the entry of new shareholders in companies, causing a business expansion as well as relationship problems and conflicts – due to the separation of ownership and management. Discussions on goals, motivations and different interests among the actors began to appear, being one of the roles of corporate governance try to minimize them.

In Brazil, however, this conflict between manager and shareholder is lower than in other countries, notably the United States, where the capital of companies is fairly sprayed. Brazilian companies have, mostly, a controller (or bloc controller) that holds the majority of OS shares (ordinary shares), which give the right to vote, earning the company's control. Given that, the major conflict in the country occurs between majority shareholders and minority shareholders, which according to Jiang and Peng (2010) are called as the principal *versus* principal conflicts.

The Brazilian case presents peculiarities – mainly in relation to the U.S. stock market – due to the duality of classes of shares (ordinary voting shares and preferred non-voting shares). This situation “generates a combination of very power with low allocation of own resources in the enterprise” (Zolini, 2008, p. 39). Thereunto, the shareholders have voting rights represented by ordinary shares, unlike of cash flow rights (ownership rights) that are the amount of all shares (ordinary and preferred) of the company.

In recent years it has been a growing trend in the Brazilian market of capitals, from trade liberalization at the beginning of the 90s, with macroeconomic stability brought by the Real Plan¹ and privatization programs that have changed the ownership structure of these companies. There was also the creation of special listing segments on the Brazilian Stock Market (Bovespa) – as the “New Market”², for example, – among other factors. Therefore, a major contribution of capital of international investors entered in the Brazilian economy.

Given this, arises the question, the central theme of this research: what is the magnitude of the rights of votes and the excess of votes of the majority shareholders (ordinary shares) of companies listed in the Bovespa index (Ibovespa) for the year of 2010³, separating them by type of majority shareholders?

1. Literature review

1.1. Agency theory and corporate governance. Berle and Means (1932), cited by Demsetz and Lehn (1985), brought the issue of separation of ownership

¹ Economic plan adopted in Brazil.

² Companies with the highest standard of corporate governance.

³ Theoretical portfolio of the third quarter of the respective year.

and control, the main argument of the agency theory, by the article “The Modern Corporation and Private Property”. For Demsetz and Lehn (1985), Berle and Means (1932) research” was anticipated by Thorstein Veblen’s (1924), with “The Engineers and the Price System”, which has already envisioned the transfer of control of the capitalist owners for engineers-managers.

Jensen and Meckling (2008, p. 89) define an agency relationship as a “contract under which one or more persons (the principal) employs another person (agent) to perform on your behalf a service involving the delegation of any power of decision to the agent”. For the authors, both the agent and the principal, thinking to maximize their own utility, that is, thinking in his greatest personal well-being, can act with different interests. Therefore, it is necessary that the principal, through incentives, try to approach the agent to their objectives. However, this incurs in some costs, such as monitoring, for example. Given this, Jensen and Meckling (2008, p. 89) define “agency cost as the sum of the costs of the main monitoring; expenditure with contractual guarantees on the part of the agent; and residual costs”.

The basic premise of the agency theory, for Fontes Filho (2004, p. 3) is that “if both parties in a principal-agent relationship seek to maximize their utility function, not always the agent will act in the best interest of the principal”. According to Famá and Jensen (1983), an important factor for the survival of organizational forms is the control of agency problems.

According to Jensen and Meckling (1976), cited by Saito and Silveira (2008, p. 79-80), the term “corporate governance” was gradually being seen as “a set of internal and external mechanisms, of incentive and control, designed to minimize the costs of agency problem.” Moreover, according to the perspective of Shleifer and Vishny (1997), corporate governance is a simple agency perspective and in some cases referring to the problem of separation of ownership and control.

For Silveira, Barros and Famá (2008, p. 52), the corporate governance mechanisms “are instruments for minimization of the costs arising from the problem of agency”, *i.e.* “are tools to minimize the loss of market value arising out of conflicts of interest between decision makers and investors of an enterprise”.

According to Leal and Saito (2003, p. 3), “corporate governance is the set of rules, institutions and practices that determine how managers act in the best interest of the parties involved in the company, particularly the shareholders”.

Peng (2003), cited by Young, Peng, Ahlstrom, Bruton and Jiang (2008), suggest that the predominant model of corporate governance is the product of developed economies (mainly the United States and the United Kingdom). According to Shleifer and Vishny (1997), the United States, Germany, Japan and the United Kingdom have the best corporate governance systems in the world and the differences between them is probably relatively smaller than the difference to other countries. Even for the authors, in the less developed countries, including emerging economies, corporate governance mechanisms are virtually non-existent.

Shleifer and Vishny (1997) also argue that as all these economies (the United States, Germany, Japan and the United Kingdom) have essential elements to a good system of Government, the available evidence does not show what system of governance would be the best. According to the authors, the direct investor protection is an essential element of corporate governance and the concentration of ownership is a universal method of control to help investors to get their money back.

According to Silveira, Barros and Famá (2003, p. 59), seems to be implied “that the company’s corporate governance structure affects the quality of the company’s management and, consequently, its financial performance”.

1.2. Conflict between managers and shareholders.

Jensen and Meckling (1983) analyzed the process of separation of ownership and control, featured in large corporations. For the authors, with the responsibility for the operation of firms in the hands of professional managers there is a split between ownership and control. As a result, the management is accused of being insensitive to the welfare of investors. The authors also argue that investors’ well-being would be the same goal of the firm, but the managers act in accordance with their personal interests, and not those of the organization.

According to Brealey, Myers and Allen (2008, p. 266), business managers need the best incentives so their interests can converge towards the same interests of the shareholders. Varian (2003) also discusses this issue of incentives, indicating that a good way to encourage the worker would be if his salary was somehow influenced by its production.

Monitoring, however, requires time and money on the part of shareholders, and the central point is whether worth incurring these costs, whereas according to Brealey, Myers and Allen (2008, p. 267), “like all investments, monitoring also has diminishing returns.” Jensen and Meckling (1983) also argue that how much the behavior of managers is handled depends on how expensive it is, that is, depends on the cost of gathering information reflect the performance of managers and the cost to purchase the control.

For Silveira, Lanzana, Barros and Famá (2004, p. 362), the Anglo-Saxon corporate governance context is one in which “the main agency conflict occurs between shareholders and managers, due to the ownership structure sprayed present in most large publicly-held companies”.

1.3. Conflicts in the Brazilian context. *1.3.1. Principal vs. principal conflicts.* Fontes Filho (2004), Zolini (2008) and Rapaport (2009) argue that in Brazil, unlike the United States, there is a concentration of shares in the hands of a single controlling shareholder or a bloc (controller) as families, pension funds, banks and the State, do not occur the ownership spray. With this, the agency problem in the Brazilian case is not related to the conflict manager versus shareholder, but between majority shareholders (controlling shareholder) versus minority shareholders. According to Valadares (2002, p. 296), in Brazil “the biggest conflict of interest occurs between large shareholders and minority shareholders”.

Jiang and Peng (2010), for example, think that the main conflict occurs between majority shareholders and minority shareholders. To the authors, these conflicts are intensified in time of crisis, whereas in these times there is a greater possibility of expropriation of minority shareholders. To minor these problems, the IMF and the World Bank suggest a reduction of capital concentration of firms and the professionalism of its management. For Lemon and Lins (2003), crisis impact negatively in investment opportunity and increase the incentives for controllers to expropriate the minority shareholders. Young, Peng, Ahlstrom, Bruton and Jiang (2008) argue that the traditional thesis of Jensen and Meckling (1976) for conflicts between agent and principal are not applicable to the principal-principal conflicts of emerging economies.

According to Procianny (1994), cited by Leal, Silva and Valadares (2002, p. 3), in the majority of Brazilian companies there are a “well-defined controller group”, unlike most companies of the United States. For Leal, Carvalhal, Aloy and Lapagesse (2000, p. 11), “even when there isn’t a controlling shareholder, the majority shareholder has a large portion of the voting rights and the company is usually controlled by the three largest shareholders”. For Coutinho, Amaral and Bertucci (2006, p. 198), the controller “in general, holds a superior voting volume of shares than the necessary to exercise the control and makes constant use of issuance of shares without voting rights as a way of fundraising”. According to Okimura, Silveira and Rocha (2007, p. 122), “the effects of controlling shareholder in business performance may vary according to the classification of the controller”.

Unlike the Anglo-Saxon regions, countries like France, Italy and Germany, among others, according to Valadares (2002, p. 276), “are characterized by a strong concentration of ownership and control”, being Brazil a case more similar to Continental European countries: with a high concentration of capital.

Conflicts between principal and principal can undermine competitive firms and discourage the participation of investors (Young, Peng, Ahlstrom, Bruton and Jiang, 2008). These authors argue that in emerging economies, the control of ownership is often in the hands of families, and the family control can reduce agency costs by helping to align ownership with control. On the other hand, according to the authors, the family control can increase the probability of expropriation of minority shareholders not belonging to the family and may cause damage to the performance.

According to the authors, the expropriation of minority shareholders may be accompanied by: putting less qualified family members or friends in key posts; purchase of supplies and materials above-market prices, or selling products and services at lower prices than the market for organizations that are (or are associated with) the controlling shareholder; engaging in strategies with personal, family or political agendas at the expense of the company’s performance.

For Jiang and Peng (2010), the value for minority shareholders reflects directly on the performance of companies in the stock market. Thus, the low return of shares affect the wealth of minority shareholders, representing more of the expropriation.

Silveira, Lanzana, Barros and Famá (2004, p. 363) argue that “the presence of large shareholders has positive and negative effects expected for companies”. The positive effect is called the incentive effect, described by Claessens et al. (2002, p. 2741) and cited by the authors, where the basic premise is that “*ceteris paribus*, the higher the participation of controlling shareholder in the total capital of the company, the greater the interest in maximizing corporate value”. For Shleifer and Vishny (1997, p. 754), also cited by the authors, “the major shareholders can, in theory, circumvent the agency problem, as have both the interest in maximizing value as the power enough to have their own interests respected”.

The negative effect is referred to as end-entrenchment, which has as its basic premise, “*ceteris paribus*, the greater the right of control (right to vote) of the controlling shareholder, the greater the likelihood of expropriation of the wealth of other shareholders” (Bebchuk, 1999, p. 30, cited by Silveira, Lanzana, Barros and Famá, 2004, p. 363). Demsetz and Lehn (1985, *apud* Shleifer and Vishny, 1997, p. 758), cited by Sen, Lanzana, Barros and Famá (2004, p. 363), argue that other important

cost of large shareholders is that they “are not diversified, carrying out, therefore, an excessive risk,” thus, “as he has much of his portfolio invested in the company, the shareholder tends to minimize its risk through excessive diversification of the company or by excess of conservatism in the projects undertaken”.

1.3.2. Ordinary and preferred shares. In the case of Brazil, where there are two different classes of shares, the ordinary (voting) and preferred (non-voting), there is a different case, with the controlling shareholders with enough power, however, with little resource allocation. According to Zolini (2008, p. 39) “this situation generates a combination of very power with low allocation of own resources in the company, reducing the benefits of having a controlling shareholder”.

According to Silveira, Lanzana, Barros and Famá (2004, p. 363), “another important feature of the governance model of Brazilian listed companies is the high rate of issuance of non-voting shares (preferred)”. According to Valadares (2002, p. 278), in Brazil there is a “high concentration of capital into companies,” especially in voting shares (ordinary shares). For Leal and Saito (2003, p. 4), “the concentration occurs mainly with the violation of a share rule – one vote through the use of non-voting shares and indirect control structures”. With this, “raise funds on the market without giving up the control of the company” (Valadares, 2002, p. 278), cause a separation of ownership and control. According to the author, “it appears that this mechanism is used by large shareholders to retain control of the company without held 50% of its capital”.

For Silveira, Lanzana, Barros and Famá (2004, p. 364), in Brazil there is an “escape of the relation one share-one vote”, and with that, the issue of non-voting shares “constitutes the main mechanism for separation of right of control (power for decision-making) and right of the cash flow (participation in the total capital of the company)”.

According to Leal, Silva and Valadares (2002, p. 2) “the right of cash flow represents the ownership of shares with or without voting rights.” And as in Brazil there is an intense use of preferred shares (non-voting), “the rule of one share-one vote is not respected and the rights to the votes do not correspond to the rights to the cash flow”. With this, “participation in the total capital represents the rights over the cash flow. Participation in the voting capital represents the rights over the votes” (Leal, Silva and Valadares, 2002, p. 2).

In this context of two classes of shares, the benefits of having a controlling shareholder are smaller in Brazil, according to Silveira, Lanzana, Barros and Famá (2004, p. 363). Despite the strong concentration of the shares with voting rights, the large issuance of

preferred shares and the use of pyramids – where a company controls another – “make that many controllers are in fact, minority shareholders of subsidiaries, for do not hold the majority of the share capital of the company”.

On the controlling shareholder, Leal, Silva and Valadares (2002, p. 1) argue that “even in cases where there is a controlling shareholder, the largest shareholder holds a significant part of voting rights and the company is usually controlled by its three largest shareholders”. To the authors, the controlling shareholders also have preferred shares, although the “reasons should be a part of your compensation as company executives, once that can be easily sold, without altering the composition of the company's control” (Valadares, 2002, p. 11).

Silveira, Lanzana, Barros and Famá (2004, p. 363) argue that the issuance of shares without voting rights acts as the “primary mechanism of separation of ownership and control in companies,” whereas majority shareholders already have most of the ordinary shares, but not all of the shares of enterprises (ordinary and preferred). Therefore they keep track of company without effectively having a capital control, resulting in the increase of “incentive for expropriation of the wealth of small investors”.

2. Results

In the present study were verified companies listed in the Bovespa index (Ibovespa) in the year of 2010 (third quarter theoretical portfolio of the respective years), which contains 68 companies listed, but six companies listed with ordinary shares (OS) and preferred shares (PS), which leads to a total of 62 companies. This index was used according to the website of the Brazilian Stock Market that is “the most important indicator of the average performance of the Brazilian stock market prices”. In addition, according to the website, it “depicts the behavior of the main papers traded on Bovespa”. According to the sectorial classification of Bovespa, there are nine different sectors listed companies, with the construction industry and transport (17.24%) being the most representative of this sample, according to Table 1.

Table 1. Sectorial composition of firms (in %)

Sector	%
Construction and transportation	17.24
Consumer non-cyclical	12.9
Financial and other	16.13
Basic materials	16.13
Telecommunications	11.29
Public utility	12.9
Cyclic consumption	6.45
Oil, gas and biofuels	4.84
Industrial goods	1.61
Total	100

Source: Economatica.

As discussed earlier, companies in Brazil are quite concentrated, and just sprayed, leading most of them to have majority shareholders. In the sample of 62 companies, only one company did not present majority shareholder, so the sample to calculate the identity of majority shareholder is 61.

For the identification of the majority shareholders, this study adapted the classification of Okimura, Silveira and Rocha (2007), which was based and adapted from the classification proposed by Pedersen and Thomsem (1997) for the type of the controlling shareholder, adding the Government category.

So, in the present study, the classification of the type of majority shareholder is as follows: (a) Brazilian companies; (b) foreign companies; (c) Government; (d) banks and financial institutions; (e) families or individuals; (f) pension funds.

In the analysis of these data, companies that had the Federal Government or States, as well as public enterprises, as the BNDES Participações S.A., BB Banco de Investimento S.A. and Cemig-Cia Energética of MG¹ as majority shareholders were considered in the Government category. In the category of banks or financial institutions were considered banks, assets management and management of resources.

This study defines as majority shareholder the (first) largest shareholder of ordinary shares of enterprises (or largest direct shareholder), separating it by a classification type.

Table 2. Identity of the majority shareholder (in %)

Type of shareholder	%
Brazilian companies	42.62
Foreign companies	14.75
Government	18.03
Banks and financial institutions	14.75
Families or individuals	6.56
Pension funds	3.28
Total	100

Source: Economatica.

According to Table 2, Brazilian companies were majority shareholders in most companies (42.62%), showing that most of the time there is a pyramidal structure of companies, where a company (in the analyzed case, publicly traded) have as majority shareholder another company (usually non-publicly traded), with a chain of relationships involving various actors, until arrive at the last shareholder.

Table 3. Companies with shareholder (or block) controller (in %)

Controlling shareholder	48.39
Controlling block	22.58
Total	70.97

Source: Economatica.

Majority shareholders are not necessarily controller shareholders, because for it, they shall hold more than 50% of the ordinary shares (with voting rights). However, in most companies, there is a controlling shareholder or controller bloc, which is a group formed by the largest shareholders of ordinary shares, that should also hold more than 50% of the ordinary shares of the company. In Table 3, it is considered the controlling bloc formed by the three largest shareholders of shares with voting rights.

To the same sample of this research, with 62 companies listed in the Bovespa index (Ibovespa) we can note, in Table 3, that 48.39% of companies had a controlling shareholder, and 22.58%, a controller bloc, thus, 70.97% of companies had a shareholder (or bloc) controller. These data corroborate the research carried out by Leal et al. (2000), between the years of 1996 and 1998, cited by Fontes Filho (2004), which concluded that most Brazilian companies have a control exercised by a single shareholder or by a control bloc, which causes that the properties of these companies are quite concentrated. The data of Table 3 also indicate that the trend remained the same, with most publicly traded companies of Brazil showing a shareholder (or bloc) controller. We can also confirm the hypothesis of Leal, Carvalho, Aloy and Lapagesse (2000) that even in the absence of a controlling shareholder the company is controlled by a bloc of the three largest shareholders.

The voting rights correspond to the quantity of ordinary shares (with voting rights) that shareholders have. The cash flow rights correspond to the number of shares (ordinary and preferred) held by shareholders in proportion to the total quantity of shares (ordinary and preferred) of total company. Then the mathematical form of this situation:

$$[(\% \text{ ordinary shares of shareholders}) \times (\text{total ordinary shares of the company}) + (\% \text{ preferred shares of shareholders}) \times (\text{total preferred shares of the company})] / (\text{total shares (voting and non-voting) of the company}).$$

Using the Petrobras² as an example to illustrate this situation and the Federal Government of Brazil as majority shareholder of the company we have:

¹ MG means Minas Gerais, a state of Brazil.

² Petróleo Brasileiro S.A. (or Petrobras) is a Brazilian oil company that as to the Federal Government of Brazil is the majority shareholder.

Table 4. Example of Petrobras

% ordinary shares of the shareholder	Total ordinary shares of the company	% preferred shares of the shareholder	Total preferred shares of the company	Total shares (voting and non-voting) of the company
50.26	7.442.454.142	0.00	5.602.042.788	13.044.496.930
$[(50.26) \times (7.442.454.142) + (0.00) \times (5.602.042.788)] / (13.044.496.930) = 28.68\%$				

Source: Bovespa website. Access in: 04/16/2013.

It is observed that the Federal Government holds 50.26% of the shares with voting rights and no action shall be non-voting. With this, the cash flow rights that the majority shareholder (and also controller) has are 28.68%, different from their right to vote.

This situation of votes being different from cash flow rights only occurs because in Brazil there is issuing two classes of shares (with voting and non-voting). Companies that do not have preferred shares, voting rights are the same of cash flow rights.

Even in this line of differences between the rights of votes and the rights of cash flow, there is a variable that Okimura, Silveira and Rocha (2007, p. 123) have that “intended to measure the degree of misalignment between the concentration of votes and the concentration of ownership”. According to Cronqvist and Nilsson (2003, p. 710), quoted by Okimura, Silveira and Rocha (2007, p. 123), this variable is called excess of votes or excess of the right to vote and is calculated as follows:

$$EXC = (OS/O\&PS) - 1,$$

where *EXC* are the excess votes; *OS* is the percentage of ordinary shares held by majority shareholder; *O&PS* is the amount of ordinary and preferred shares held by the controlling shareholder, divided by the total amount of ordinary and preferred shares of the company.

Table 6. Rights and excess of majority shareholder votes, separated by the majority shareholder (in %)

Type of shareholder	Voting rights			Excess of votes		
	Average	Median	Standard deviation	Average	Median	Standard deviation
Brazilian companies	55.17	52.05	22.87	1.23	1.31	0.63
Foreign companies	40.51	42.60	26.70	0.42	0.23	0.47
Government	49.01	51.50	22.14	0.95	0.88	0.54
Banks and financial institutions	42.99	35.30	26.25	1.08	1.00	0.56
Families or individuals	26.28	27.95	11.04	0.64 *	-	-
Pension funds	13.05	13.05	0.49	.*	-	-

Source: Economatica.

Note: * This data is related to only one company, since in 2010, families or individuals had four companies, three on the “New Market”, and pension funds had the two companies belonging to the “New Market”.

According to Table 6, the Brazilian companies had higher percentage of voting rights, as well as greater discrepancy between voting rights and cash flow (both on average and median).

Conclusion

The results confirm the hypotheses that the capital structure of publicly-traded companies in Brazil is

For the calculation of this variable, were excluded companies from the “New Market” of Corporate Governance, which, according to Bovespa website “is the highest standard of Corporate Governance” and has as one of its rules only issue ordinary shares. Thus, this variable for companies of this segment has value zero (since $OS = O\&PS$). In 2010, from 61 companies of the sample, 31 belonged to the “New Market”. According to Okimura, Silveira and Rocha (2007, p. 123), by definition, for “companies without issuance of preferred shares the variable takes the value zero, and for controllers with more voting rights in proportion to the total capital applied, the variable is higher than 0”. That is, the further away from zero is this variable, the higher is the misalignment between the voting rights and the cash flow.

Table 5. Voting rights (in %) and excess votes of majority shareholders

	Average	Median	Standard deviation
Rights of Votes	47.16	51.70	24.43
Excess of Votes	1.07	0.98	0.62

Source: Economatica.

According to Table 5, it can be observed that the majority shareholders had high participation of shares with votes (average and median) and a considerable discrepancy between the concentration of votes and the concentration of ownership, shown by the excess votes in the table.

concentrated mainly on voting rights (average of 47.16% and median 51.70%), occurring in several cases a considerable distance between the voting power and the power of majority shareholder cash flow (average of 1.07% and median of 0.98%). Then, in Brazil, with the existence of ordinary and preferred shares, it turns out that the main conflict occurs between majority shareholders and minority

shareholders, also called conflict principal *versus* principal, and not between managers and shareholders, as occurs principally in the United States and in England. In this case, the phenomenon of very power with low allocation of resources on the part of the majority shareholders, whereas they have a considerable difference between voting rights and the rights of cash flow and with that can happen the expropriation of minority shareholders by the majority. This expropriation can be of various types and consists of the majority, with too much power, rather than take attitudes in order to maximize the value of the company, take measures aiming other objectives, which are not necessarily the best for the company (and, therefore, to the shareholders).

The results also showed that publicly-traded Brazilian companies have in most cases, a controlling shareholder (with more than 50% of the shares with voting

rights of companies), and in many cases when there isn't this shareholder, there is a controlling bloc, in this research formed by the three main majority shareholders of the companies. In 2010, for example, 70.97% of the companies analyzed had a shareholder (or bloc) controller.

Future research can expand the sample of the survey, increasing the years studied and enlarge the number of companies analyzed (not focusing only on the Ibovespa's companies). Other definitions of majority shareholder or separate companies for other characteristics (such as size, sector of activity, among others) can be also used. Another interesting topic for later studies is to analyze if this shareholder concentration and this misalignment between votes and cash flow of the companies have anything to do with the performance of the organizations.

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