

Environmental Pressures, Organizational Relationships and the Wealth Financialization Phenomenon

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Abstract: - This article aims to analyse how the inter-organizational relationships influence the adoption of practices for the allocation of financial resources by manufacturing industries in face of environmental pressures. The wealth financialization phenomenon was chosen using the practices of financial resources allocation to investigate if it is present in organizations. This research is both a qualitative and quantitative study of descriptive-exploratory nature, in which we considered information belonging to 110 Small and Medium processing industries in the State of Parana (southern Brazil) in period of 2013. The study is based on concepts developed in the Sociological Institutional Theory and Economic Sociology. The results suggest that the process of financialization of wealth as recurring phenomenon in the literature, in particular in the Economy, is still incipient in Brazil and is not institutionalized for small and medium-sized enterprises researched in this work, which ended up being shown in "intention to".

Key-words: - Economy; Finance; Inter-organizational Relationships; Financialization of wealth

1 Introduction

The process of Post-War capital accumulation, whose base was manufacturing in large scale and mass consumption, showed signs of reduction between the 1960s and 70s, mainly due to a fall in productivity and, consequently, in the rates of profit. New forms of manufacturing [1-2] based on both production flexibility and a flexible labor market, have emerged to revert to those expected profit margins. This phenomenon has led to a change in the existing policy; the policies of the years up to 1980 had a Keynesian bias, i.e. a welfare state in particular in the United States and the United Kingdom have been replaced by orthodox neoliberal policies, with a focus on the deregulation of financial markets [3], as an alternative to profit recovery. Towards the end of the 1980's this process already dominated the financial markets of the United States, England and Japan.

Many economies, such as the Brazilian in the mid-1990s, embraced neoliberal policies and started to follow the current model of financial globalization. With this, the emergence of numerous financial innovations propitiated and facilitated the acquisition and the application of financial resources [4-5]. This led to a greater possibility of gain, consequently raising the profit margins of the companies of the manufacturing sector that migrated

into global financial markets, a phenomenon called by Tavares [6] as "financialization of wealth".

The term "financialization" [7-8] in this case is defined as the process in which a company's capital is appreciated by investing in the financial system at the expense of capital appreciation into production, to such a point that the considered best practices of the organization and management of production start to reflect the best practices valued in the financial world, and their own production systems tend to be judged on criteria commonly used in a purely financial environment, the productive sphere re-inventing itself, therefore, following a new logic, the logic of finance [6, 9].

The advent of the financialization of wealth has brought about some changes with respect to the management methods utilized which are based on a system of incentives calculated according to the function of obtaining and surpassing the created shareholder value targets [10, 11]. They have also brought changes to the interests of those involved in the organization. Plihon [12] observed that the restructuring of the manufacturing activity of the companies, whose objectives prevailed in function to the development of production and employment, had become secondary. Currently with objectives focused on the maximization of the share values and with the perspective of keeping the shareholders happy, financialization dominates in the management of these companies.

When considering that organizations are not self-sufficient [13] and, therefore, depend on exchanges with their environment for their sustenance, inter-organizational relationships were also analyzed. The relational ties act as carriers of the institutions, facilitating the spread of new practices. Therefore, the influence in the adoption of new practices of financial management is aimed at investigating those companies that maintain relational ties with financial market entities.

As a result of the above, this study aims to describe and explain, sustained in the main theoretical bases of institutional theory [14-15], if the financialization of wealth is institutionalized in the processing industries of the State of Parana and if inter-organizational relationships influence the organization in decision making in the allocation of financial resources. In the next section will be addressed the empirical theoretical framework in order to support the proposed in this study.

2 Empirical Theoretical

The Empirical theoretical was organized from the analytical categories. The authors opted to redeem theoretical elements that give support to the empirical analysis. In the first place some considerations about the organizational practices will be presented, secondly to environmental pressures, and thirdly the organizational relationships. Finally, the theoretical model representing the logical schema used in this research will be presented.

2.1 Organizational Practices

Organizational practices is defined, according to Kostova and Roth [16: 216), as "the routine use of knowledge by the organization to conduct a particular function that has been developed over time under the influence of history, people, organizational interests and actions". The organizational practices reflect the shared knowledge of organizational stakeholders when they are accepted and approved by directorate of the organization, as the organizations are exposed and are thus prone to incorporate practices and procedures institutionalized in society, confident that this way they will bring greater legitimacy, as well as increased chances of survival [17, 18 19].

The adoption of practices, according to Ansari, Fiss and Zajac [21], can be understood by two sets of explanations. The first, centered on economic theory, has the rationality as a prerequisite, where the stakeholders look in the organizational environment for situations in which they can obtain

efficient choices, emphasizing technical imperatives in the adoption of practices. The second focuses on the sociological perspective, on the social integration of stakeholders, emphasizing cultural imperatives.

Although the two approaches are distinct theories they complement each other when analyzed together, offering explanations for the different practices, since each imperative can be more or less present depending on the degree of adoption of the practice. In the case of the new adopters, for example, the technical imperative has a higher presence due to its utilitarian function, for the older adopters the cultural imperative has a higher presence due to the search for conformity to environmental pressures, search for legitimacy and for ceremonial reasons [19, 21]. Therefore, it can be understood that the adoption of practices is influenced by environmental pressures and by organizational values dictating organizational actions.

2.2 Environmental Pressures

Environmental pressures are characterized by two dimensions: (i) Technical Environment that according to Meyer and Scott [22: 23] "is one in which a product or service is produced and exchanged in a market where the organization is rewarded by effective and efficient control of their production systems". It emphasizes the instrumental rationality when incorporating a set of requirements [23], combining means and purposes in an effective way in the production of results from the control exercised in the form of quantity and quality. (ii) Institutional Environment also conceptualized by Meyer and Scott [22: 123], "it is, by definition, the one characterized by the elaboration of rules and requirements in which the individual organization needs to comply if it wants to receive support and legitimacy".

The environmental pressures [24] arising from the technical or institutional environment, those already institutionalized by part of the society, are cross-transmitted by several types of carriers, and can vary in their transmission mode. Scott [25] identified four types of carriers: symbolic systems, relational systems, routines and artifacts.

The symbolic systems are a set of knowledge culturally widespread and socially accepted, which play a critical role in the creation of mental processes. The awareness that the internal essence of the individual is not autonomous nor self-sufficient, but, is formed in relationship with other people, mainly with those who measured the values, meanings, symbols, and the culture of the world that

the individual dwells, i.e. in interactivity of the identity and with the self and society. The individual has the internal essence that is the real "self", but this is formed and modified in a continuous dialog with the cultural "exterior" worlds and the identities that these worlds offer [26]. The symbolic systems emphasize the communication, the writing and the printing technology which are instruments of interaction between the self and society [25].

The institutions are also conducted by relational systems which are carriers that rely on standardized interactions (rules, relations and resources reproduced with the passing of time), connected to networks of social positions [25]. The analysis of social networks helps to understand the relational position between the stakeholders, influences and changes of paradigms and, in this way, it helps to understand how the knowledge in a given area is socially constructed [27].

The routines are the procedures effectively in use that involve a group of people; they are formalized and institutionalized habits, incorporating behaviors guided by rules. The routines are strengthened by the process of action repetition; they are ways of thinking and acting usually adopted by a group of individuals in an unquestionable way [28]. The routines depend on standardized actions reflecting the tacit knowledge of the stakeholders; they are procedures based on knowledge of unarticulated beliefs, such as, for example, the procedures to formalize the company's accounting records and the procedures for the inspection of machinery and equipment. The routine, represented by normal activities, can be considered as a thermometer to measure if a practice or a belief is institutionalized.

Artifacts are institutional carriers, which [29: 98] conceptualizes as being "a discrete material object, produced or processed by human activity, under the influence of the physical characteristics and / or cultural environment". They are created by man to help in performing various tasks, such as, for example, technology, which can be seen as an artifact and is also shaped and rounded by regulatory process. One of the characteristics of the artifacts is that they incorporate both the technical and the symbolic elements [25]. Institutional drivers are present in the reality of organizations in differing combinations and are fundamental when considering how organizations change.

2.3 Organizational Relationships

One of the classic issues of social theory is how the behaviors and the institutions are affected by relationships, because the organizations, as they are not self-sufficient [13], depend on exchange with

their environment for their own sustenance. The environment which includes technical elements (information and other resources) is directly linked to the completion of the work and to cultural or institutional elements (rules, understandings and meanings about the organizations which are shared by society in general [14, 30]. Such relationships in an organization can occur with companies linked to each other by their own nature, the example with trade unions and institutes, as well as for organizational relationships which share information in a commercial partnership.

The approach of this theory has two extremes: on the one hand, a large part of the utilitarian tradition, including the classical and the neoclassical economy, presupposes a rational behavior and personal interest minimally affected by relationships [31] where organizations are seen as competitive stakeholders, each one fighting to achieve its own goals [32a], on the other hand, [31: 2] points out that there is another extreme which he calls "embeddedness" proposal: "[...] when the behaviors and the institutions are analyzed, they are so constrained by ongoing relationships that to interpret them as being independent elements can represent a serious misunderstanding."

The behaviors are full of relationships; therefore, to try to understand them independently may represent a misunderstanding of interpretation, such as, in the case of an attempt to understand the reasons for a high interest rate practiced by the Central Bank of Brazil (BACEN) without understanding the dynamics of the National and International Financial System where the BACEN is found.

Gulati's study [33] extends the dimensions to the social networks perspective when he states that by focusing only on the organization, or in a particular alliance, or the environment only in terms of competitiveness, does not offer sufficient allowances for the understanding of the context, as the other inter-organizational relationships are often neglected in the organizations where they belong. In fact, even when two organizations form alliance in pursuit of common objectives, they will necessarily relate to other organizations that exist in the same institutional environment. In accordance to Gulati [33], social networks consider the interactions of organizations in a larger social structure, in which there is a flow of goods and services as well as of influences and information, as being socially constructed, reproduced and changed as a result of the interaction of organizations belonging to the network.

2.4 Conformity to the practices of Financial Management, Relationship and Environmental Pressure

Organizational practices are defined, according to Kostova and Roth [16: 216], as "the routine use of knowledge by the organization to conduct a particular function that has been developed over time under the influence of history, people, organizational interests and actions". The organizational practices reflect the shared knowledge of organizational stakeholders when they are accepted and approved by directorate of the organization, because the organizations are exposed and are thus prone to incorporate practices and procedures institutionalized in society, confident that this will bring greater legitimacy, as well as increased chances of survival [16, 18]

Among the several existing organizational practices, this study will look at the practices of financial management as regards the allocation of financial resources [34]. The allocation of financial resources refers to the administration of the structure of assets such as in the implementation of new projects. Gitman [35] affirms that the great competition that exists in modern market economies requires companies to remain technologically updated and, for this, they need to be constantly investing in their manufacturing process. However, Braga [36] stresses that the efficient allocation of capital, being essential for the development of the business operations, may or may not be related to the basic activities of the company. Within this context, it is possible to conclude that the financial strategies are not only limited to the end product of the company (production, marketing or provision of services), but also, in the allocation of capital in investments outside this end product, provided that this can maximize the company value.

The leaders, as the shareholders, when seeking to understand the company's financial situation in order to maintain and/or increase its value, use financial indicators (technical compliance) that may bring answers as regards the economic-financial performance of the organization, as well as analyze the investment projects that maximize its value [35]. In this way, companies that are continually in search of new projects need financial indicators and instruments of analysis that give support to the decision-making process with a view to minimizing the risks arising from the process, guiding on which projects will maximize the value of the company [37].

According to Ansari, Fiss e Zajac [20], the adoption of practices can be understood by two sets of explanations. The first, centered on economic

theory, has rationality as a prerequisite, where the organizational stakeholders search in the environment for situations in which they can obtain efficient choices, emphasizing technical imperatives in the adoption of practices. The second focuses on the sociological perspective, on the social integration of stakeholders, emphasizing cultural imperatives.

Although the two approaches are distinct theories they complement each other when analyzed together, offering explanations for the different practices, since each imperative can be more or less present depending on the degree of adoption of the practice. For the new adopters, for example, the technical imperative has a higher presence due to its utilitarian function; for the older adopters the cultural imperative has a higher presence due to the search for conformity to environmental pressures, search for legitimacy and for ceremonial reasons [19, 21]. Considering the above we come to the following hypothesis:

Hypothesis 1a (H1A) - The technical pressure on the organization generates influence in the decisions for the allocation of financial resources.

Hypothesis 1b (H1B) - The institutional pressure on the organization generates influence in the decisions for the allocation of financial resources.

The inter-organizational relationships, as well as a common governance structure, facilitate the spread of practices between organizations, because the relational systems, being framed in the four carriers identified by Scott [25], influence the modes of behavior, in addition to bringing new interacting ideas to social networks. A study elaborated by Westphal, Gulati and Shortell [19] highlights the impact of the social network relations about institutionalization, as well as provides evidence on the effect of inter-organizational relationships in adopting practices of innovation and total quality management. The communication links between the organizations shall encourage, as well, mimetic isomorphism [38] by informing the directors on the legitimized practices and often by exerting pressure for regulatory compliance [19]. Therefore, we propose the following hypotheses:

Hypothesis 2 (H2) - The intensity and the importance of the organizations' links with entities related to the financial market influence how the organization allocates financial resources.

The social relationship exerts social influences

on the stakeholders involved. Social influences is understood, according to Granovetter [31: 2], as "the processes through which the stakeholders acquire customs, habits or rules that are mechanically and automatically followed, regardless of the influence of rational choice". Besides, according to the same author, this view derives from the idea that the behavioral patterns are internalized and yet the existing social relations exert additional effects only on behaviors, these being guided entirely by consensually determined norms and values.

The institutions are also conducted by relational systems which are carriers that rely on standardized interactions (rules, relations and resources reproduced with the passing of time), connected to networks of social positions [25]. Therefore, the analysis of social networks helps to understand the relational position between the actors, influences and changes of paradigms and, in this way, it helps to understand how the knowledge in a given area is socially constructed (Berger and Luckman, 2009).

According to Granovetter [31], when the relationships are inserted into a context of social immersion they can exert a moderating role in the adoption of practices as a result of environmental pressures. From these authors, we propose another hypothesis:

Hypothesis 3 (H3) – The relationships with entities from the financial market moderate the influence of the technical and institutional pressures by influencing how the organization allocates its financial resources so that the more intense and present those relationships, the greater the influence of the technical and institutional pressures.

According to the theoretical framework and the propositions presented, in Figure 1 you can see the analytical schema of the theoretical conjuncture of the study.

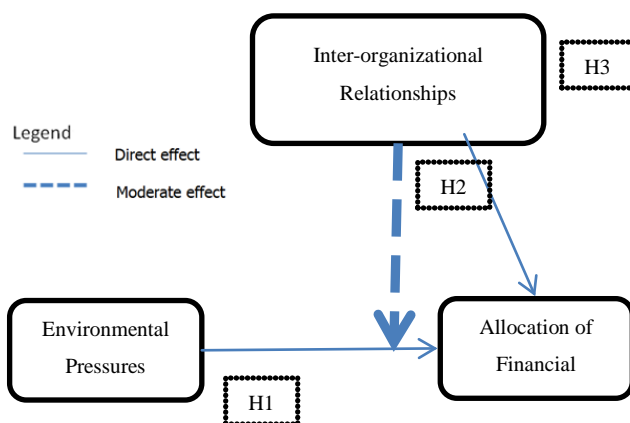


Fig. 1 - Analytical Schema of the Theoretical Conjuncture
Source: Authors

3 Methodological procedures

3.1 Data and sample

The population for this research was of small and medium processing companies located in the State of Parana (southern Brazil). The criterion used for identifying the size of the company was the classification of the National Bank of Economic and Social Development (BNDES). The sample was selected by concurrence, the companies selected to take part were those in the Industrial Register of Parana produced by the Federation of Industries of the State of Parana (FIEP) based on data updated by the State Secretary of Industry and Commerce up to December 2013, in the Economatica system and for those companies associated with the Brazilian Institute of Finance Executives (IBEF). The data collection took place via sending a semi-structured questionnaire to the financial directors of those selected companies. The research was carried out in the period from 08/10/2013 to 05/11/2013, and was processed by the Qualtrics software generating a total of 130 replies, 20 of which were considered to be incomplete, finishing with a final sample of 110 companies. The responding companies had, on average, a total of 3,783 employees, with 38 being (on average) in the financial department and with 3 (on average) hierarchical levels.

3.2 Variables

Dependent Variable - Capital Allocation: The organizational practices of financial management were operationalized from the *Capital Allocation* variable, considering how the company prioritizes the allocation of financial resources, i.e., in the financial markets or in the production system by collaborating with the knowledge gained from the phenomenon of the financialization of wealth, with the identification of the predominance of financial decisions being made at the expense of productive decisions [39]. To operationalize this variable some defined questions were generated a priori in accordance with what is understood of the theory about Financialization of Wealth. Then, they were answered using an open interview with a financial expert and with a pre-test. In the face of the theoretical framework, the interview and the pre-test, it was chosen to operationalize this variable with a dummy variable, (0) no (1) yes, to indicate the presence or absence of capital allocation in the financial markets with the following question: If the company can achieve a margin of profitability of 20% higher in financial market than by investing in internal production, will it migrate their investments into the financial market?

Moderator Variable - Inter-organizational Relationships: First, the relationships were operationalized via secondary data raised in the magazines: Exame, IBFNews, Isto é dinheiro, GV Executivo and Capital Aberto. Six relationships types were identified from the secondary data: investment banks, consulting firms or financial advisors, the Brazilian Institute of Finance Executives (IBEF), relationships with other companies in the sector, commercial and/or multiple banks, the Association of Analysts and Investment Professionals of the Capital Market (APIMEC), others. Then, the data was categorized by means of validation of content and face, as well as by means of the pre-test. Afterwards, the indicators were operationalized by means of a questionnaire with closed multiple choice questions, with one closed question being of a simple category: (i) Have the main executives some type of bond with organizations that can influence the adoption of practices of financial management? If the statement was positive, the chairperson should indicate with which organizations they maintain relationships. Subsequently, the sum of the number of bonds of the same relationships was made to identify the degree of interaction the between the organizations.

Independent Variable - Environmental Pressure: The environmental pressures were operationalized from two facets: technical and institutional. The indicators were raised via literature review and secondary data from the journals: Exame, IBFNews, Isto é Dinheiro, GV Executivo, Capital Aberto and the paper Valor Econômico. Then, the data was categorized by means of validation of content and face, as well as by means of the pre-test. Following this, the data was operationalized via a structured questionnaire using the Likert 7 point scale, ranging from "strongly disagree" to "strongly agree". The technical pressure dimension was composed of five items, explaining 23.85% of the total variance, Cronbach's alpha of 0.706 and an Intraclass Correlation Coefficient (ICC) of 0.324. The institutional pressure dimension composed by five items obtained 33.15% of the total variance, Cronbach's alpha of 0.842 and an Intraclass Correlation Coefficient (ICC) of 0.515.

Control Variables: In order to monitor the effect of the relationship between the independent, moderating and dependent variables, some control variables were defined in order to ensure the concurrent validity of the relations between the variables. They are: Number of Employees (How many employees a company has?); Capital Structure (S/A open capital); Control of the company (foreign Group); Years of Existence (open Question).

4 Analysis Procedures

Construction of the Scales and Pre-test: Before sending the questionnaire to the field an internal validity of constructs was carried out, using three procedures: Content Validity to check the power of the instrument coverage in relation to the phenomenon to be measured [40]; Construct Validity for systematic assessment of the questionnaire, analyzing by means of statistical data the manner in which the items are correlated in their proper factors [40]; Face Validity via interview with researchers of the respective areas (Institutional Theory and Finance) to verify convergences between the indicators and the concepts of origin. After assessing the researchers' opinions, the questions in the questionnaire were adapted where necessary [41]. Finally, the pre-test was done by applying the semi-structured questionnaire to a class of Finance MBA students at the Positivo University in Curitiba, Brazil. Then the results were tabulated and assessed to the reliability and scalability of each construct.

Factorial Analysis: For each of the constructs, a factorial analysis of variables was performed, whose method of extraction was the Principal Components Analysis (PCA). The adequacy of the factorial analysis was confirmed by Kaiser-Meyer-Olkin (KMO) and Bartlett sphericity tests. The number of factors was defined by the scree plot method and, afterwards, the data was submitted again to factorial analysis, complemented with the Varimax rotation method for a better interpretation of factor loadings. The variables, with loadings smaller than 0.4, were excluded from or reallocated to other variables [42]. After the definition of which variables have been fitted into each factor, their reliability was evaluated by means of Cronbach's Alpha.

Moderator Analysis: The evaluation of the relationship and the moderating effect of dependent and independent variables was performed by means of linear regression and logistics. The analysis of the errors and residuals, the difference between the actual observations and the estimated values for each observation in the sample was performed using the of Least Squares Method (LSM) with the objective of obtaining the lowest residual sum of squares (RSS) possible [43]. This was evaluated by the Variance Inflation Factor (VIF), if the models presented problems of multicollinearity, when two or more independent variables in the model explain the same fact with similar information and, problems of heteroscedasticity, the presence of non-homogeneous variances through use of the White test, in which heteroscedasticity variable structure was identified; therefore, the robust standard error

was used for this variable. The evaluation of the relationship and of the moderating effect of the independent and dichotomous dependent variables was performed by logistic regression, because this is the model that seeks to explain or predict the values of a variable in function with known values of other variables. The purpose of moderation of organizational values and the inter-organizational relationship in relation to environmental pressure and organizational practices was assessed by interaction through the multiplication of terms. For this to happen, the variables were centered by dividing the value of each case with the mean of the corresponding variable. This procedure avoids the problem of collinearity, which can bias the coefficients of the variables [44]. Even so, the inclusion of the interaction term in each of the models was assessed to see if it affected the value of tolerance and VIF. None of the models showed coefficients whose value of VIF was greater than 5, as well as showing tolerance values lower than 0.2. This indicates the non-existence of higher risks of bias resulting from multicollinearity.

5 Results

The description of the data regarding the inter-organizational relationship was performed via descriptive analysis to check how many per cent of the total respondents have showed some type of bond with entities of the financial market and with companies from the same activity sector, as shown in Table 1.

Table 1 - Descriptive Analysis of Inter-organizational Relationship

Interorganizational Relationship	N	Concerning	Frequency *
Do the main executives have some type of connection with organizations that can influence the adoption of financial practices?	107	62%	66
Commercial and/or multiple Banks	110	41%	45
Consulting Firms or financial advisors	110	26%	29
Investment Banks	110	25%	27
Relationship with companies in the industry sector	110	25%	27
Brazilian Institute of Finance Executives (IBEF)	110	14%	15
Other	110	10%	11
Association of Analysts and Investment Professionals of the Capital Market (APIMEC)	110	5%	5
Average		1.45	

* For those who answered "yes".
Source: Authors

In observing the data it is possible to see that 62% of respondents maintain some type of inter-organizational relationships, in particular 41% with

commercial or multiple banks (45 of 110 respondents), followed by 26% with consultancy firms or financial advisors and 25% maintained relationships with companies in the industry and investment banks. Each company offers, on average, 1.45 relational ties. In Table 2 the effect of independent variables on the variable allocation of financial resources is assessed. The results are presented according to the sequence of hypotheses outlined in the theoretical framework of reference.

Table 2 - Influence of the Independent Variables in the Allocation of Financial Resources

	Mod 1	Mod 2	Mod 3	Mod 4	Mod 5	Mod 6
Dependent Variable: Allocation of Financial Resources						
<i>Independent Variables</i>						
Technical Pressure		0.133 (0.336)		-0.412 (0.436)		-0.841 (0.685)
Institutional Pressure			0.205 (0.353)	-0.443 (0.436)		0.427 (0.522)
Relationship					0.264 (0.336)	0.658 (0.504)
<i>Control Variables</i>						
Number of employees ¹	-0.264 (0.220)	-0.259 (0.225)	-0.279 (0.221)	-0.282 (0.237)	-0.256 (0.233)	-0.180 (0.278)
Open Capital	2.321 ** (1.080)	2.305 ** (1.079)	2.539 ** (1.167)	2.731 ** (1.209)	2.257 ** (1.068)	3.238 * (1.720)
Foreign Group	-3.073 * (1.828)	-2.934 (1.842)	-3.444 * (1.971)	-3.493 * (1.976)	-2.982 * (1.786)	-3.391 (2.576)
Years of existence	0.021 (0.017)	0.021 (0.017)	0.021 (0.017)	0.021 (0.016)	0.022 (0.017)	0.024 (0.021)
Constant	-2.818 *** (0.619)	-2.176 (1.702)	-3.770 ** (1.805)	-2.888 * (1.986)	-3.265 *** (0.893)	-1.171 (3.675)
Hosmer and Lemeshow Test	4.425	4.912	7.165	11.105	7.651	7.891
Sig.	0.039	0.069	0.064	0.079	0.058	0.043
Pseudo R ² Square Nagelkerke's	0.228	0.231	0.236	0.255	0.241	0.409

Standard Error in Parentheses. Companies = 110

*** P < 0.01 ** p < 0.05 * p < 0.1

¹ Number of employees multiplied by 1,000

Model 1 (Mod 1) highlights the effect of only control variables presenting a general adjustment value of 23%. In Model 2 (Mod 2), the effect of the technical pressure was added which also showed a general adjustment value of 23%. In Model 3 (Mod 3), the effect of the technical pressure showed a general adjustment value of 24%. In Model 4 (Mod 4), both the technical pressure and the environmental pressure were measured together which gave a general adjustment value of 26%. In Model 5 (Mod 5), the influence of relational ties was evaluated, presenting a general adjustment value of 24%. Model 6 (Mod 6) assesses all

indicators at the same time, all the variables were added in such a way that they compete among themselves, giving a general adjustment value of 41%.

In Model 1 it was observed that companies with an open capital structure show a 38% chance (or 6 times more when compared to those without) of migrating into the financial market if they get profitability 20% greater than the one in production. This result can be justified by the fact that publicly-traded companies have greater access to financial markets, both for allocation and withdrawal of resources, which makes it easier to speculate in this market.

The company controlled by foreign group presents just a 0.28% chance, (or 9.5 times less when compared with the other companies of migrating into the financial market opportunity if they get a profitability which is 20% greater than the one in production. When analyzing the variables technical pressure, institutional pressure and relationships, it was seen that they did not show any significant values. This refutes hypothesis 1a, hypothesis 1b and hypothesis 2. In Table 3, the relation of moderating variables in the allocation of financial resources will be assessed.

Model 1 highlights the effect of the technical pressure and the relationship which present a general adjustment value of 25%. In Model 2, the effect of institutional pressure and the relationship was evaluated with a general adjustment value of 24%. Of the control variables, the variable controlled by foreign groups presented a negative influence denoting that these companies do not allocate the surplus of their financial resources in the Country in which they are operating but in their Country of origin. It can be seen in both Model 1 and Model 2 that the inter-organizational relationships do not moderate the relation with technical and institutional pressure and do not generate influencing decisions for the allocation of financial resources thus refuting hypothesis 3.

Table 3 - Influence of the Moderating Variable in the Allocation of Financial Resources

	Model 1	Model 2
Dependent Variable: Allocation of Financial Resources		
<i>Independent Variables</i>		
Technical Pressure	-0.216 (0.240)	
Institutional Pressure		0.115 (0.384)
Relationship	0.320 (0.747)	0.214 (0.377)
Tec. Pressure x Relationship	-0.074 (0.273)	
Instit. Pressure x Relationship		0.015 (0.305)
<i>Control Variables</i>		
Number of employees ¹	-0.246 (0.240)	-0.265 (0.233)
Open Capital	2.148 ** (1.093)	2.414 * (1.292)
Foreign Group	-2743 (1.807)	-3.192 (1.962)
Years of existence	0.022 (0.17)	0.022 (0.17)
Constant	-2.293 (1.758)	-3.722 ** (1.789)
Hosmer and Lemeshow Test	7.117	9.553
Sig.	0.131	0.149
Pseudo R ² Square Nagelkerke's	0.252	0.243

Standard Error in Parentheses. Companies = 110

*** P < 0.01 ** p < 0.05 * p < 0.1

¹ Number of employees multiplied by 1.000

6 Discussions And Final Remarks

With the emergence of the capitalist enterprise, the search of legitimate profit, but mainly for its legitimacy, has become the central focus of companies, who, over specific periods, have searched for optimization in such areas as: production in the first half of the 20th century, marketing during the 1960's and 70's, and finance from the 1980's. This process can be observed from the salaries and bonuses that those responsible for these areas have received during these periods, as well as by the superior training of the managing directors and presidents of these companies [45]. Each phase of the process mentioned created elements that have influenced the ability of enterprises to survive and thus to achieve their purposes from a socially constructed field – the institutional environment – which exerts a strong influence on the companies.

The understanding of the environment has become essential for businesses to understand not only their decision-making structures and processes, but mainly for the reduction of uncertainty and, consequently, of their instability. However, the company needs to be accepted by society and, to this effect, should be in accordance with its expectations, making the organizational practices increasingly isomorphic (institutional isomorphism).

The centrality of finance nowadays is directly related to the advances of telecommunications and software that created over the past 20 years countless financial innovations for both the collection / uptake of resources, which has promoted the possibility of gains beyond the sale of goods and services, i.e., the estimate of the profit made by a company in the productive sector becomes the result of its investment in national and international financial markets.

The fall in profit margins observed in the 1960's and 70's, that created new forms of production management, such as Toyotism, has led many productive sector companies to compensate their loss in the now deregulated financial markets. The logic of manufacturing sector companies operating in the financial markets is part of the phenomenon of financialization of wealth, which has increased due to the deregulation of the financial system in such countries as Great Britain, the United States and Japan starting in the 1980's and 90's, and has now spread around the world. This process has become a global systemic standard, involving values that give impetus to the maximization of profit using complex but profitable financial practices.

The financialization of wealth is a phenomenon that introduced by the theoretical discourse of Plihon [12] has been influencing the financial management practices in manufacturing sector companies, which is the actual motivator of this research, in order to assess from experience whether the financialization of wealth is institutionalized in the processing industries, i.e., if it is an aspect valued by financial directors and becoming a recurring practice in organizations. In this context, the purpose of this article was to analyse how the inter-organizational relationships influence the adoption of practices for the allocation of financial resources by manufacturing industries in face of environmental pressures. For both, we analyzed information belonging to 110 Small and Medium processing industries in the State of Parana localized in the southern Brazil in period of 2013.

It can be concluded from the results of the field study that companies with an open capital structure show a 38% chance (or 6 times more when

compared to those without) to migrate into the financial market in case they get a profitability that is 20% greater than when investing in production. This result can be understood by the fact that publicly-traded companies have greater access to financial markets, both for allocation and withdrawal of resources, which makes it easier to speculate in the market.

The companies controlled by foreign group present just a 0.28% chance (or 9.5 times less) when compared with the other companies of migrating into the financial market in case they get a profitability which is 20% greater than when investing in production. This shows that these companies do not allocate their surplus financial resources in the country in which they are operating, but in their country of origin.

In relation to time of existence, each year of organizational existence generates an increase in the chance of the adoption of practices. The time period of a company represents its potential to maintain its competitiveness in the markets which demands planning and financial control, and thus can increase the number of practices over time.

In relation to the research hypotheses, it can be concluded that the results confirm that neither hypothesis 1a, hypothesis 1b nor hypothesis 2 are accepted, denoting that the environmental pressures and the inter-organizational relationship do not generate decisions that influence the allocation of financial resources. As for the inter-organizational relationship as moderating variable, it was concluded in this article that the relationships with financial market entities do not moderate the relation with institutional pressure in the decisions for the allocation of financial resources thus refuting hypothesis 3.

Finally, it can be concluded that the process of financialization of wealth as recurring phenomenon in the literature, in particular in the Economy, is still incipient in Brazil, and is not institutionalized in companies researched in this work, which ended up being shown in "intention to".

From these results, a theoretical implication stands out that can guide future studies. The implication concerns the temporal cut-off, as the phenomenon of the financialization of wealth has been in discussion in Brazil since the 1980's. It is believed that a cross-sectional study might help to create a possible trend for the institutionalization of the phenomenon in the future. Therefore, for future studies, it is recommended the historical analysis of the relative participation of financial revenues, via balance sheet, to verify if these are showing growth over the years, which will demonstrate the evolution

of the involvement of the manufacturing sector in the national financial market.

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