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ARTICLE

Corporate Financialization in Brazil: The "Big Three" Blockholders and Horizontal Ownership

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Abstract

Purpose – Institutional investing has grown at an unprecedented rate in recent decades. Three major firms dominate the industry worldwide: BlackRock, Vanguard Group and State Street, or the "Big Three." This study investigates the strategy of blockholders in the ownership of companies operating in the Brazilian economy from the perspective of strategic action field theory.

Theoretical framework – The growth of international institutional investors as shareholders in the corporate market is associated with the strengthening of the financialization process. Strategic action field theory allows the study of conflict and cooperation relationships between actors in economic and business contexts, as well as changes in these fields.

Design/methodology/approach – This study proposes an exploratory and descriptive analysis using a sample of 200 large companies operating in Brazil. Also, Pearson's correlation measures and multiple correspondence analysis (MCA) were calculated to understand the relationships between shareholding variables and investments in sectors of activity.

Findings – These institutional investors are present in most of the equity positions and the results suggest horizontal ownership investments in the portfolio of the "Big Three" in the large companies operating in Brazil. Their investment portfolios are focused on industries and segments with high economic value through horizontal ownership.

Practical & social implications of research – The actions of these three major investors affect aspects of corporate governance and influence the economy as a whole.

Originality/value – This article presents an original analysis of the investments of the "Big Three" as shareholders in companies operating in Brazil. This paper also addresses the intensification of the phenomenon of financialization and its links with the emergence of institutional investors as shareholders in large companies.

Keywords – financialization; institutional investors; "Big Three"; horizontal ownership; Brazilian economy.

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1 Introduction

Despite the various possible definitions of this phenomenon, financialization essentially refers to the "increasing role of financial motives, financial markets, financial actors and financial institutions in the functioning of national and international economies" (Epstein 2005, p. 3; Sawyer, 2013). Financialization has intensified in Brazil as part of a broader process of trade and financial liberalization that has increased the flow of foreign investment into the Brazilian economy and restructured the control and ownership of large firms, including large state-owned enterprises (Bruno & Caffe, 2017; Lavinas et al., 2017; Bruno et al., 2011). Financialization has had a number of consequences for macroeconomic policies, business strategy and people's daily lives (Van der Zwan, 2014). Financialization has also led to the emergence of large investment funds on an unprecedented scale (Fichtner, 2020).

With significant economic resources under management, institutional investors have become increasingly important in the global economic landscape, with the top 500 global asset managers controlling approximately $81.2 trillion in 2016 (Fichtner, 2020; Braun & Christophers, 2024). According to Fichtner (2020), the increase in the economic power of these intermediaries has been driven by the rapid growth of the stock market, the shift from direct investment in company ownership to investment through institutional investors, and changes in pension systems to investment through fund managers.

Three large institutional investors have accumulated enormous economic resources and hold positions of power in the global financial sector. These three large financial firms, Black Rock, Vanguard Group, and State Street, or the "Big Three," have gained great prominence in the global financial sector by dominating the index fund industry, managing around 90% of the assets in this market, as well as in the global corporate context by being shareholders in thousands of publicly traded companies around the world (Fichtner et al., 2017; Bebchuk & Hirst, 2019). These three large investors remain blockholders by holding significant stakes in thousands of large companies around the world, acting in a joint and coordinated manner to achieve shared benefits among them. "Horizontal ownership," in which the investment focus extends to a group of companies in the same industry rather than a single company, is an investment strategy that focuses on dominance and the possibility of significant profits in industries with high aggregate economic value (Elhauge, 2015).

Several studies have investigated the ownership structure of non-financial firms in the Brazilian corporate context (Caixe & Krauter, 2013; Miranda et al., 2017; Cruz et al., 2023). However, none of these studies examines how the "Big Three" use blockholding strategies in the Brazilian economy. To study this topic, this paper mobilizes the field theories (Kluttz & Fligstein, 2016). A field is conceived as a space of relations of conflict and cooperation between actors (Fligstein & McAdam (2012). In a field, actors perform strategically by defining their actions in light of the actions of others, seeking to maintain a position of advantage over others and to stabilize the field (Kluttz & Fligstein, 2016; Fligstein, 2007). In the field, "socially skilled" actors seek the cooperation of other actors or groups of actors to achieve their goals and collective interests (Fligstein & McAdam, 2012). In this study, we highlight how the "Big Three" have adopted a blockholder strategy as a way to expand their influence in the Brazilian economy.

Given the importance of the "Big Three" in the global financial and corporate scenario, and the integrated and globalized nature of the Brazilian economy, this study investigates the strategy of blockholders in the ownership of companies operating in the Brazilian economy from the perspective of strategic action field theory. The specific objectives are: i) to describe and analyze the participation of the "Big Three" as shareholders of large corporations operating in Brazil, ii) to estimate the average shareholdings and dividends individually, jointly, or by sector of activity, iii) to correlate the "Big Three" stocks in each sector with the net sales and estimated dividends of those sectors using Pearson's linear correlation coefficients, iv) to verify the associations between the "Big Three" shareholdings and economic value in the sectors of activity using multiple correspondence analysis (MCA), and v) to highlight the "horizontal ownership" strategies of this group of investors as blockholders in the Brazilian corporate field. The study is supported by field theory (Fligstein & McAdam, 2012).

The results show that the "Big Three" had a significant presence in most of the stock positions. Given the dispersed nature of ownership of large listed companies, these three large investors together have significant blockholdings that guarantee them favorable voting and dividend extraction positions. These three firms were also present in all sectors of activity considered.

This fact points to the persistence of blockholders and possible "horizontal ownership" strategies, especially in sectors with high aggregate economic value.

2 Theoretical framework

This section first addresses power in strategic action fields, emphasizing the relations of domination and cooperation among actors that lead to the emergence, stability, or transformation of these social spaces. Subsection 2.2 deals specifically with the power of blockholders in corporate fields. These large shareholders seek to occupy strategic positions and use various mechanisms to increase their resources and power in relation to the other actors in the fields. The third subsection seeks to relate the emergence and growth of the economic power of institutional and intermediary investors to financialization, which is intensified by the control of large corporations by these investors.

2.1 Field theory

Bourdieu's field theory seeks to understand the real world as the result of struggles between actors in different social fields, emphasizing power and domination in understanding how hierarchical social systems and domination reproduce themselves and impose themselves on other actors in society (Husu, 2022; Bourdieu, 1990). Bourdieu's theory conceives of power as a fundamental factor in understanding changes in society and organizations, conceiving it as a multifaceted and distributed element that is embedded in social structures and relationships and exercised in different ways (Harvey et al., 2020; Bourdieu, 1998, 1999). The social world, in Bourdieu's conception, is understood as a set of different fields of production, circulation and consumption of cultural and material resources, these spaces having relative autonomy and very similar structures (Navarro, 2006).

Power in Bourdieu's fields has as its main source the possession of capital, not only in its economic form, but also in its cultural, social and symbolic form (Harvey et al., 2020; Bourdieu, 1986). These social spaces are understood as environments of social dynamics of struggles between different individuals and groups, where the positions and structures of relations between these actors depend on the possession and distribution of capital and, consequently, on their ability to exercise power and impose their world views as legitimate and dominant on subordinates (Husu, 2022; Thiry-Cherques, 2006). This emphasis in Bourdieu's theory on the practices of power and domination in the fields as determinants in the dynamics and constitution of the social world is strongly related to strategic actions based, above all, on the ability to accumulate and exercise power (Harvey et al., 2020; Freedman, 2018).

Strategic action field theory has its theoretical roots in the fields of power conceived by Bourdieu's extensive theoretical tradition (Fligstein & McAdam, 2012). Fligstein and McAdam (2012) also conceptualize a field as a space of relations of conflict and cooperation between actors, synthesizing the extensive multidisciplinary literature on field theory and defining a structure for conducting empirical investigations. This theory seeks to understand the emergence of new fields and the stabilization and transformation of these social spaces on the basis of the structures of these spaces and the relations within and between these fields. From this theoretical perspective, fields are socially constructed and constitute the basic units of collective action in society. Fligstein and McAdam's (2012) proposal seeks to overcome the limitation of the diversity of disciplines that deal with field theory, synthesizing these theoretical contributions and offering new insights for conducting studies from this perspective.

A strategic action field is composed of individual or collective actors, divided into dominant and dominated. These actors share a set of rules, norms, and values and interact with each other with the aim of maintaining or conquering new positions, and their actions are relationally explained by the structural location of these actors and the relationships between them around a common practice, institution, issue, or goal (Barman, 2016; Kluttz & Fligstein, 2016). Dominant actors are those with greater power and resources and the ability to use them tactically to maintain or improve their position in the field (Fligstein, 2007). Disputes between these actors in the field are sources for the emergence of new institutions, new social spaces, and the construction of political coalitions to advance collective interests (Fligstein & McAdam, 2012; Kluttz & Fligstein, 2016).

Fligstein and McAdam's (2012) theoretical elaboration conceives of fields as constituted by other smaller fields and emphasizes that the relationships between these different internal and external fields are sources of conflict and cooperation that can lead to the emergence of new "settlements" for the emergence, transformation, or stabilization of these social spaces. The strategic action field theory proposes an alternative conception of social action by introducing the concept of "social skill." "Social skill" is essentially the ability of actors to induce cooperation from other actors in a field (Fligstein, 2007). To achieve their goals, socially skilled actors use a variety of "tactics" and generally seek to mediate rather than generate conflictual relationships. These actors seek to understand the ambiguities and certainties of the field and aim to achieve objectives that are generally collective rather than merely individual (Fligstein, 2007; Fligstein & McAdam, 2012; Kluttz & Fligstein, 2016).

By providing a framework for conducting theoretical-empirical investigations of the emergence, transformation, and stabilization of fields, strategic action field theory constitutes a valuable perspective for analyzing economic contexts by capturing the inherent dynamism of these social spaces (Fligstein & McAdam, 2012). In the global economic context, large financial asset managers have become more and more prominent, occupying increasingly advantageous positions in the control of large corporations around the world. These actors act strategically by placing themselves in equity positions with the aim of increasing their financial profits and expanding their economic and political power in the global economy (Fichtner et al., 2017; Fichtner, 2020).

2.2 The power of blockholders in corporate fields

The term "blockholder" refers to a shareholder or group of shareholders who hold a significant portion of the ownership of a company (Edmans & Holderness, 2017). These shareholders are present in shareholding positions in most large corporations around the world and play an important role in aspects and practices related to the governance of these corporations (Edmans, 2014; Fichtner et al., 2017). The presence of a blockholder in a shareholding position is generally identified by the control of these shareholders over a significant percentage of the shares of a given company. However, the definition of the value of the shareholding that characterizes a blockholder is variable, and the economic value of this shareholding and the dispersion of shareholding that exists in most large companies around the world must also be taken into account (Edmans & Holderness, 2017).

Fligstein and McAdam's (2012) theoretical elaboration understands the existence of strategic action fields as spaces occupied by actors or collectives of actors who interact, struggle, and cooperate. These actors or groups use "tactics" to achieve their goals and to maintain or increase their resources and power in the fields (Fligstein, 2007). These interactions between actors and fields can lead to conflict and the emergence or transformation of these social spaces. However, in Fligstein and McAdam's (2012) conception, there are "socially skilled" actors who act strategically to induce cooperation between actors in their group and other actors in the field in order to achieve their goals with beneficial and collective ends. These collectives of actors or blockholders can influence corporate governance practices through two main mechanisms (Edmans, 2014; Konijn et al., 2011).

The first mechanism would be the possibility of direct intervention through the power of "voice" and "vote" to monitor and influence the decisions and actions of corporate managers so that the corporations align their governance practices with the objectives of the blockholders, resulting in benefits for these large shareholders (Edmans, 2014). The second mechanism is exercised by the "exit" power of these large shareholders through the sale of their shares and a consequent decline in the share and market value of a firm (Edmans, 2014; Konijn et al., 2011). This mechanism may stem from the dissatisfaction of these blockholders with governance practices that are not aligned with maximizing shareholder value, and represents a strategy to induce/force managers of large firms to align their actions with maximizing value for these shareholders (Edmans, 2014; Konijn et al., 2011).

The study by Edmans (2014) also points to a third mechanism through which these blockholders can influence and exercise power over large companies. The presence of these investors in governance structures and the threat of intervention by these shareholders in management and governance practices would already constitute a possibility of reducing the value and liquidity of companies. Edmans (2014) also points to the possibility of extracting private benefits from these large investors, not only through the imposition of governance practices aligned with the principles of maximizing shareholder value. The author illustrates this mechanism through the possibility of possible conflicts of interest between these blockholders and other minority shareholders, where the former could induce a given company to purchase products at inflated prices from another company in which they are also shareholders (Edmans, 2014).

The study by Davis (2008) points to the emergence of what the author calls a "new financial capitalism" in the United States, referring to a new phase of financial capitalism characterized by the increasing concentration, since the 1980s, of the shareholdings of mutual funds investing in large corporations in the United States. These institutional investors, as pointed out by Davis (2008), exhibited characteristics and behaviors different from those previously seen in the ownership of large American corporations, maintaining significant, highly liquid shareholdings, behaving as transient investors, and preferring to exercise their power through the "output" mechanism rather than through the power of "voice." The study by Fichtner (2020) also emphasizes this significant presence of institutional investors as blockholders in the equity positions of large corporations around the world, but points to a significant shift in the flow of resources to investments in low-cost index funds and ETF funds, especially since 2008, in addition to a decline in investments in traditional mutual funds, hedge funds, and private equity funds.

The study by Fichtner et al. (2017) examines the participation of the three large dominant firms in the index fund industry as shareholders in the United States. Black Rock, Vanguard Group, and State Street, the "Big Three," are collectively majority shareholders in 88% of the S&P 500 companies. In addition to being blockholders with large shareholdings, these three large investors also prove to be very active and influential in corporate governance practices, maintaining permanent and long-term shareholdings in addition to centralized voting strategies. Fligstein and McAdam (2012) highlight the possibility of the emergence or transformation of fields based on conflict, cooperation, and engagement among actors seeking to maintain or gain positions of power and influence in these social spaces. Financial firms and large institutional investors are accumulating more and more resources and power in global finance and business, inducing cooperation among individuals and firms to raise funds, transforming the control of large corporations around the world, and gaining more powerful positions that are advantageous for imposing power in the global economy (Fichtner, 2020; Bebchuk & Hirst, 2019).

2.3 Institutional investors and financial intermediaries

Despite different legal forms and investment strategies, institutional investors share the role of "intermediate investors" in the management of third-party resources (Kay, 2016; Fichtner, 2020). With regard to the increase in capital held by institutional investors and the financialization process, Aalbers (2019) points to a consequent transformation of a wide range of public goods, enterprises and economic activities into financial assets. According to Davis and Kim (2015), the increased concentration of ownership by institutional investors has encouraged large firms to restructure through segmentation and downsizing, with the aim of adopting the financial logic of maximizing shareholder value (Useem, 2015).

In 2016, the top 500 global asset managers held around $81.2 trillion in assets under management, with the top 20 holding around 42% of that total. These large institutional investors are predominantly American, holding about 53% of total global assets under management (Fichtner, 2020). As a low-cost option with a diversified portfolio and good returns, the index (or liability) fund industry has experienced unprecedented growth in recent decades (Fichtner et al., 2017). The growing popularity of ETF funds is also considered one of the great successes of the fund industry in the past decade, as they are generally passively managed, low-cost, and highly liquid (Converse et al., 2020; Cremers et al., 2016; Ben-David et al., 2017).

By dominating this growing segment of the low-cost index investing market, the "Big Three" (BlackRock, Vanguard, and State Street) have amassed unprecedented economic power (Platt, 2019). Approximately 80% of the assets flowing into mutual funds have gone to these three large managers, and approximately 90% of the world's index fund assets are managed by the "Big Three" (Fichtner et al., 2017; Griffin, 2020). Of the 500 companies that make up the S&P 500 index, the "Big Three" are the largest shareholders in 438 of them, representing about 82% of the market capitalization of all these companies (Fichtner et al., 2017). These three large investors have significantly increased their combined stake in S&P 500 companies from 5.2% in 1998 to 20.5% in 2017 (Bebchuk & Hirst, 2019).

Due to the legal structure of these funds, the "Big Three" have greater freedom in making management decisions through their voting power, which is expanded by the minimal legal restrictions imposed on their own operating mechanisms (Griffin, 2020). Given this concentration of ownership, the "Big Three" have begun to exercise their large voting power and make crucial decisions for large companies (Griffin, 2020). This role of the "Big Three" has consequently affected aspects of corporate governance of large companies (Kahan & Rock, 2020). In 2017, in the S&P 500 companies, the average voting power of these three large managers was 25.4% (higher than the 20.5% average shareholding of these three funds), while in the Russell 3000, the average identified was 22%, a value higher than the 16.5% average shareholding of these three investors in these companies (Bebchuk & Hirst, 2019).

The "Big Three" have developed the ability to pursue a centralized voting strategy, and the degree of ownership concentration can lead to a position of structural power (Fichtner et al., 2017). This unprecedented concentration of power of the "Big Three" in the passive index fund industry has subsequently become a relevant concern for academics and policymakers due to the economic and social implications of this significant concentration (Griffin, 2020; Platt, 2019; Voss, 2024). According to Fichtner (2020), in countries with developed stock markets, institutional investors have become shareholders in a significant number of companies. The increased role of this type of investor in the dynamics of global financial and corporate markets is considered one of the main causes of the adoption of the financial logic of maximizing shareholder value, an aspect of financialization at the corporate level with economic and social repercussions (Lazonick, 2017; Fligstein & Goldstein, 2022; Fligstein & Shin, 2007).

The adoption of social security reform policies and privatizations has contributed to the entry and advance of these investors in emerging markets. According to Bonizzi (2013), after the 2008 financial crisis, emerging markets became a favorable environment for the entry of global capital flows. In Brazil, there was an increase in financial and commercial openness, with a consequent inflow of speculative capital to acquire productive sectors and strategic services, in which the main interests of the funds were privatization and the acquisition of public debt securities (Rodrigues & Jurgenfeld, 2019). In the case of Brazil, especially since the 1990s, an intensification of the privatization processes of state-owned companies and closer relations with foreign capital have been observed through commercial opening and privatization policies, including the increased participation of institutional investors in local financial and corporate markets (Cruz et al., 2023; Bruno & Caffe, 2017; Bonizzi, 2013).

3 Method

This research is exploratory, descriptive, quantitative and qualitative (Rajasekar & Verma, 2013). It is based on documentary research of corporate and financial data and uses multiple correspondence analysis (MCA) and Pearson's correlation measures as statistical tools for data analysis (Abdi & Béra, 2014). The stages of this study were followed by the selection of the sample of companies as the object of study, collection, treatment, and exploratory and statistical analysis of the data (Marconi & Lakatos, 2003; Morettin & Bussab, 2010).

3.1 Sample

The sample used in the analysis refers to 200 large companies operating in Brazil (Supplementary Data 1 – Database). The selection of companies was based on the ranking of the 1000 largest companies operating in Brazil by the newspaper *Valor Econômico*, published in 2020, whose order is based on the highest values of net revenue (Valor Econômico, 2020). With regard to the sample of 200 companies, 25 sectors of activity were considered. In 2019, the sum of the net revenues of these companies was approximately 3,164 billion reais. Regarding the origin of the companies, the capital of 93 of them is Brazilian, while 107 are of foreign origin.

There is a predominance of companies whose origin is linked to European (such as French, German, Dutch and Spanish) and American investors, in addition to a low occurrence of companies of Oriental origin (such as Chinese and South Korean). Metallurgy and mining (19), retail trade (19), electrical energy (18), food and beverages (17), and chemicals and petrochemicals (16) are the five most representative sectors in the sample. The least representative are vehicles and parts (12), IT and telecom (11), transport and logistics (11), specialized services (11), pharmaceuticals and cosmetics (10), and oil and gas (9).

Regarding the share of each economic activity in the total net income of the sample, the following sectors predominate: oil and gas (19.2%), food and beverages (16.9%), banking (12%), metallurgy and mining (10.3%), and retail trade (8.4%). In terms of the origin of the companies, sectors such as chemicals and petrochemicals, electronics, IT and telecommunications, pharmaceuticals and cosmetics, and motor vehicles and parts showed a strong foreign predominance. The sectors with the most national companies were water and sanitation, medical services, textile, leather and clothing, sugar and alcohol, and agriculture.

3.2 Data collection

For each of these 200 companies, their industry, source of capital, and net income were identified and tabulated. Their respective shareholdings were also obtained from the corporate data portal "MarketScreener," a process automated by Python scripts (MarketScreener, 2022). In order to estimate the dividends received by the "Big Three," two procedures were carried out for the cases of companies of Brazilian origin and those of non-Brazilian origin. In the first case, the earnings per share values for the fiscal year 2019 were manually collected from the B3 portal or "MarketScreener" (if not available in the B3 portal) (B3, 2022; MarketScreener, 2022). In the case of companies with not only Brazilian, but also global origins, their net sales and global distributed earnings per share values were also manually collected from the "MarketScreener" portal (Supplementary Data 1 – Database).

Given the share of Brazilian sales in global sales, the share of Brazilian sales in global earnings per share was estimated. In both cases, the dividend estimate refers to the multiplication between the number of shares and the earnings per share values. The following measures were calculated: number of companies in which the "Big Three" are joint or individual shareholders, number of companies in which the "Big Three" are joint shareholders by sector of activity, average individual and joint shareholdings, average joint shareholdings by sector of activity, number of companies in which the "Big Three" have the highest or exceed the average or certain thresholds of shareholdings, and joint shareholdings in total dividends and by sector of activity (Supplementary Data 1 – Database).

3.3 Data analysis

In the data analysis phase, two statistical tools were used to understand the relationships and patterns of association between the "Big Three" shareholdings and sectors of activity: multiple correspondence analysis (MCA) and Pearson's correlation coefficient. In the data analysis stage, two statistical tools were used to understand the relationships and patterns of association between the shareholding positions of the "Big Three" and the sectors of activity.

Multiple correspondence analysis (MCA) was used to investigate the patterns of association between four categorical variables representing all sectors of activity and the shareholdings of the "Big Three" in these sectors (Abdi & Béra, 2014). The shareholdings of the "Big Three" were represented by three variables: "Big_Three_Largest" (representing whether the "Big Three" have a majority shareholding in the sector), "Big_Three_Above_Average" (representing whether the "Big Three" have an above-average shareholding in the sector), and "Big_Three_Blockholding" (representing 1%, 2%, 3%, 4% and 5% blockholdings in each sector).

Based on the data collected, a contingency table was constructed that included these variables. The MCA process transforms this table into two sets of "factor score" variables that allow a good representation of the similarity structure of its rows and columns. These two sets or "dimensions" can be plotted on a two-dimensional map whose points represent the "factor score" measures for the rows and columns, and whose proximity can indicate patterns of association (Abdi & Béra, 2014). The "ca" package and the R programming language were used to compute and plot the MCA process (Nenadic & Greenacre, 2007; Supplementary Data 2 – R Script MCA, Supplementary Data 3 – Variables Description).

Pearson's correlation coefficient represents the strength of the linear association between two variables (Sedgwick, 2012; Morettin & Bussab, 2010). In this study, based on the calculation of this coefficient, two correlation measures are proposed to understand the strength of the association between the "Big Three" shareholdings in each of the sectors with the variables related to the profits of these sectors, that is, net income and dividends. Thus, the first coefficient reports the number of shares held by the "Big Three" in each sector of activity and the net income of these sectors, while the second reports these amounts of shares with the estimated dividend values for each of these sectors. The coefficient varies between -1 and 1; the closer to 1, the stronger and more positive the correlation between the variables (Morettin & Bussab, 2010).

4 Results

4.1 The "Big Three" as blockholders

Regarding the number of companies in which the "Big Three" individually and collectively hold shares, Vanguard Group funds are in 164 companies (82%, 96 foreign and 68 Brazilian) and BlackRock funds are in 115 companies (58%, 64 foreign and 51 Brazilian). State Street funds have a smaller presence, with 23 holdings (12%, 20 foreign and 3 Brazilian). The "Big Three" are present in 169 companies (not necessarily all three at the same time, or 85%, of which 97 are foreign and 72 Brazilian).

Figure 1 shows the number of companies in which the "Big Three" are shareholders for each sector of activity. They are present in all companies in the pulp and paper, vehicles and parts, water and sanitation, pharmaceuticals and cosmetics, mechanics, education, sugar and alcohol, agriculture, plastics and rubber, and banking sectors.

4.2 "Big Three" shareholdings

Regarding the average ownership of each of the "Big Three" and of the three together, State Street has the highest average ownership of approximately 2.90% and is a shareholder in only 23 companies. The Vanguard Group, a shareholder in 164 companies, has an average of about 2.40%, and Black Rock, with about 1.75%, is a shareholder in 115 companies. The overall average of these three large investors was about 3.90%, with at least one of them being a shareholder in 169 companies. The "MarketScreener" portal classifies shares as Type A, B or C. Approximately 76% of the shares held by the "Big Three" are Type A, which have greater voting power and greater priority for dividends. Approximately 16% are Type B, with a lower priority and voting power, and approximately 8% are Type C, with the lowest priority of the three types.

Figure 2 shows the average shareholdings for each sector of activity. The plastics and rubber sector appears with the highest average value, despite having only one representative in the sample. Specialized services, chemicals and petrochemicals, and wholesale and foreign trade had the three highest averages. The lowest averages were found in agriculture, textile, leather and clothing, and water and sanitation. The overall average for the "Big Three" was 3.90%, and nine sectors had higher averages, including sectors with high economic value such as oil and gas and food and beverages.

4.3 "Big Three" dividends

Regarding the total dividends paid only by companies in which the "Big Three" are shareholders, Vanguard had the highest value with about 1.76% (164 companies), followed by BlackRock (115 companies) with 1.13% and State Street with 0.8% (23 companies). Together, the "Big Three" held approximately 2.83% of the dividends of the 169 companies in which they held a stake.

Figure 3 shows the shares of the "Big Three" in the total dividends paid to each sector of activity.

Plastics and rubber (with only one company in the sample), pharmaceuticals and cosmetics, chemicals and petrochemicals, and specialized services had the highest levels of participation, with the "Big Three" having at least 3% in ten sectors and at least 4% in four.

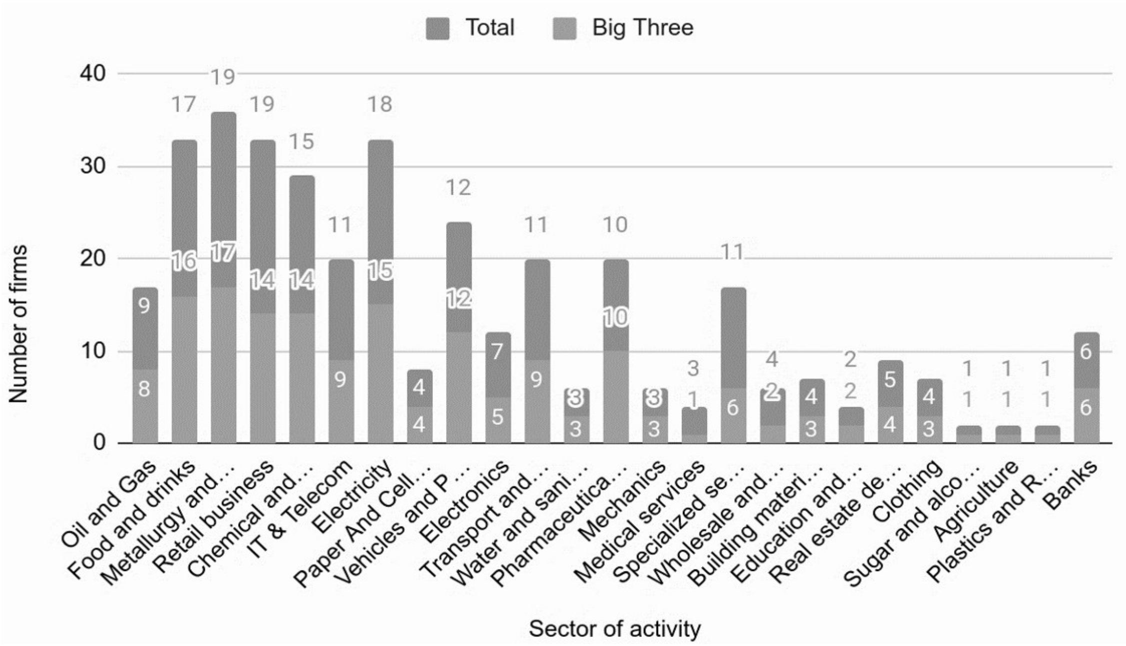

Figure 1. Number of companies in which the "Big Three" are shareholders, by sector of activity

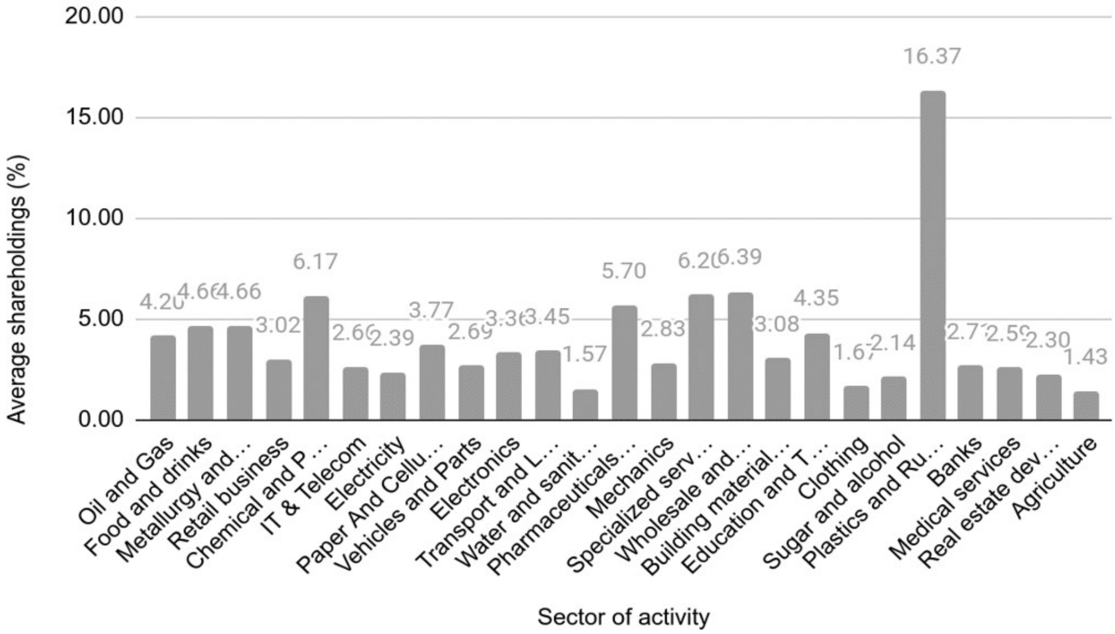

Figure 2. Average shareholdings of the "Big Three" by sector of activity

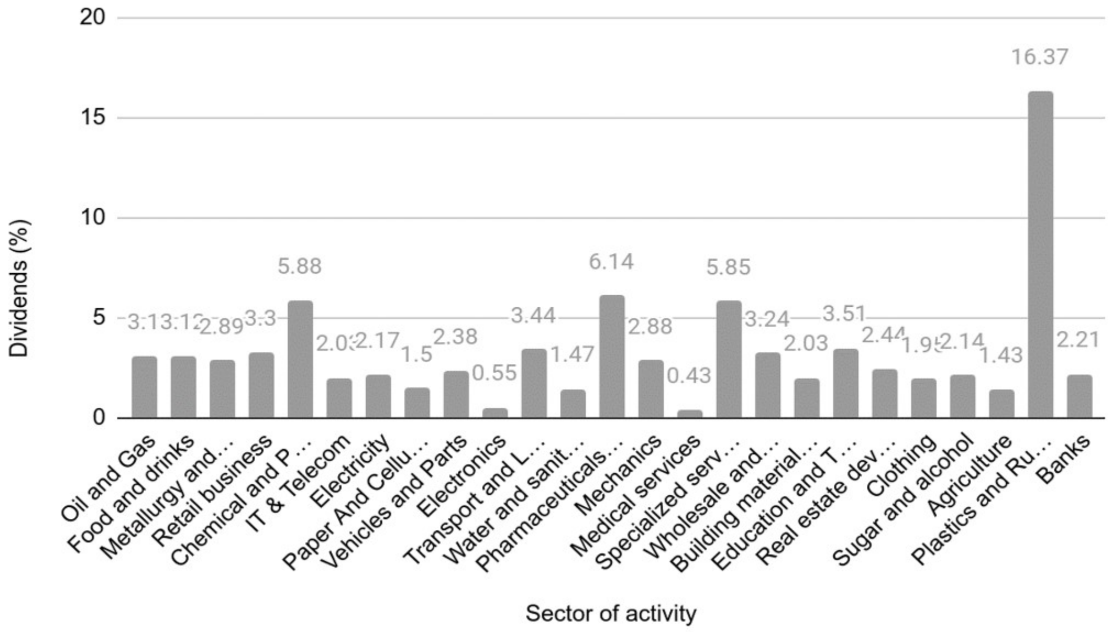

Figure 3. Share of the "Big Three" in dividends paid by sector of activity

4.4 Shareholders and the structure of positions

Figure 4 shows the two-dimensional graphical representation of the associations identified between all sectors and the shareholdings of the "Big Three" in these sectors, generated from the multiple correspondence analysis (MCA). The shareholding of the "Big Three" in each of the sectors was represented by three variables: i) whether the shareholding of these three investors is the majority, ii) whether the shareholding of these three investors is above average, and iii) whether the shareholding of these three investors exceeds a certain blockholding threshold (1%, 2%, 3%, 4% or 5%).

Figure 4. Two-dimensional graphical representation of multiple correspondence analysis (MCA)

Looking at Figure 4 of this graph, we can see a close proximity between the variables of high shareholdings (above average, largest shareholder and blockholdings of 4% and 5%) and those of sectors of high economic value, such as oil and gas, food and beverages, metallurgy and mining, and chemicals and petrochemicals, indicating a strong association between them.

Correspondence analysis is a method that allows us to understand and visualize the structure of positions and the distribution of specific interests and powers that determine and explain the strategies of actors, while also highlighting the opposing positions and the distribution of these positions within business elites (Ellersgaard et al., 2013; Bourdieu, 2005). The results of the MCA procedure showed that the "Big Three" are the blockholders most associated with and positioned close to the sectors with the highest economic value, occupying shareholding positions that allow them to increase their economic and political power in the economic and corporate field.

Some sectors, such as agriculture, sugar and alcohol, and water and sanitation, were closer to the lower blockholding variables (1% or 2%) and therefore more distant from the sectors with the highest economic values (such as oil and gas, metallurgy and mining, food and beverages, and chemicals and petrochemicals), which, as can be seen in Figure 4, were very close to the high blockholding (4%, 5%), above average, and majority shareholding variables (Big_Three_Above_Average and Big_Three_Largest). The significant presence of private companies, cooperatives, families or the government as shareholders are some of the factors that may explain this distance in the correspondence analysis.

Table 1
Pearson's coefficient ("Big Three" shares per sector x net income and dividends per sector)

	Net income by sector	Dividends by sector
Shares per sector - "Big Three"	0.64	0.51

Table 1 shows the Pearson's linear correlation coefficients between the number of shares held by the "Big Three" in each sector and the net sales and estimated dividends of these sectors. Looking at the values in Table 1, both relationships were positive and had significant values, especially in the relationship between the number of shares and the net income of the sectors.

These high values indicate a strong linear relationship between the investments of the "Big Three" and their blockholdings in these sectors with greater economic value, which guarantees them substantial dividend values and a great influence on the economy as a whole, showing possible evidence of the dominance of sectors through "horizontal ownership" (Elhauge, 2015; Fichtner & Heemskerk, 2020).

5 Analysis of results

The results show that the tactic of the "Big Three" to "penetrate" and exercise power in the Brazilian corporate field is mostly through the global stock market, as the results show the relevant presence of the "Big Three" in the shareholding positions of large listed companies operating in Brazil. This significant presence of the "Big Three" as shareholders of a large number of companies is also evident in studies dealing with other business contexts, such as the United States (Fichtner, Heemskerk & Garcia-Bernardo, 2017; Bebchuk & Hirst, 2019) and the automotive sector (Sacomano No. et al., 2020). In order for these three major investors and financial intermediaries to achieve their goals of achieving dominant positions and significant opportunities for economic gain, they must enlist the cooperation of other actors to increase their resources and economic power.

The "Big Three" have proven to be "socially skilled" actors, given their great economic power and their ability to position themselves as shareholders in different companies operating in all sectors of activity. These shareholding positions as blockholders allow them to increase not only their economic power through dividend profits, but also their political power by influencing the internal decisions of companies and thus the economy as a whole (Fichtner, Heemskerk & Garcia-Bernardo, 2017; Griffin, 2020). In strategic action field theory, "socially skilled" actors use tactics to persuade and gain the cooperation of other actors in their actions, and these "socially skilled" actors must also understand the needs of others, convince them of collective benefits, and build collective identities (Fligstein, 2007; Fligstein & McAdam, 2012). The position of the "Big Three" as significant blockholders in sectors of great economic value and with high shares in the dividends of these sectors is evidence of their ability to raise financial resources from the market and position themselves as powerful investors in the corporate stock market, thus obtaining significant financial gains that lead to an increase in their power in the global and Brazilian economy.

The insertion of the Brazilian economy into a global economic context appears to be a valuable opportunity for the reproduction of these foreign financial actors in the Brazilian economy (Lavinas et al., 2017), giving these large financial actors the possibility of expropriating significant portions of dividends and wealth produced in Brazil (Dowbor, 2018). Strategic action field theory emphasizes the interdependence between fields and the immersion of these social spaces in broader social orders as important sources of opportunity for the emergence and transformation of strategic action fields (Fligstein & McAdam, 2012). The intensification of the insertion of the Brazilian economic field into the global economic field highlights this interdependence between fields as opportunities and sources of change in the economic environment. This increased integration and globalization of the Brazilian economic field into the global economy is strongly related to the intensification of financialization in Brazil, with the Brazilian state as a key actor in this process (Bruno & Caffe, 2017; Kaltenbrunner & Painceira, 2018).

The Brazilian state played a decisive role in the intensification of financialization in the 1990s. The integrated and globalized character of the Brazilian economy, intensified by the broad processes of financial and commercial opening in the 1990s and the reconfiguration of the control of large corporations operating in the country through broad processes of capital opening, are some of the factors that allowed the reproduction and increase of the power of large foreign financiers in the local economy (Lavinas et al., 2017; Bruno & Caffe, 2017; Kaltenbrunner & Painceira, 2018). Based on the data analysis, it is clear that the "Big Three" focus on holding larger amounts of shares in companies with high economic value, where the competition to acquire shares is usually very fierce. As a result, the investments of these three large investors are indirectly aligned with a "horizontal ownership" strategy, even though they generally allocate their investments in index-based portfolios (Elhauge, 2015).

Maintaining blocks of shares in groups of companies operating in the same business sector, especially in sectors with high aggregate economic value, allows these actors to jointly exert significant influence on the management and performance of these large multinationals through various mechanisms, such as voting power ("proxy"), exit ("exit"), or direct involvement in management and governance practices aimed at aligning the actions of executives with their interests (Fichtner et al., 2017). Ownership blocks in sectors of high economic value also allow the "Big Three" to increase their economic resources, gain positions and expand their power in the Brazilian and global economic spheres.

The deliberate actions of the Brazilian state, especially since the 1990s, have resulted in new "settlements" of commercial and financial liberalization that have allowed the reproduction and acquisition of positions of power and influence of actors in the financial sector, both national and international, in the Brazilian economic field (Bruno et al., 2011; Lavinas et al., 2017). Fligstein and McAdam (2012) emphasize the presence and influence of the state and its fields in the emergence, transformation, and stabilization of other social spaces. The scenario of instability and crisis of the Brazilian economy in the 1990s led the Brazilian state to adopt neoliberal policies, such as the privatization of state-owned companies, the facilitation of foreign capital inflows, and the promotion of the unbridled expansion of the banking and financial sector (Bruno & Caffe, 2017; Bruno et al., 2011; Gennari, 2002). The objectives of these actions were to stabilize the Brazilian economic field, but resulted in the reproduction and increase of the power and resources of the actors of the national and global financial sector.

The results of this study show the power and prominent positions that the "Big Three" have acquired in the Brazilian economy by maintaining significant blockholdings in hundreds of large companies operating in Brazil. The results also reveal possible "horizontal ownership" strategies, suggesting that the "Big Three" aim to dominate sectors, not just individual companies. These positions of dominance and power of these three large global financial intermediaries are mainly the result of the economic liberalization inherent in globalization and the integration of the Brazilian economy into the global economic field, both of which have been intensified by the strengthening of financialization in the Brazilian economy, influenced by the actions of the Brazilian state.

6 Concluding remarks

The presence of institutional investors as blockholders with shareholding positions in large public companies is associated with the process of financialization of corporate control (Fichtner et al., 2017; Davis & Kim, 2015; Davis, 2008). This financialization of corporate control is mainly associated with the adoption of the concept of corporate governance guided by the principles of maximizing shareholder value (Fligstein & Goldstein, 2022; Lazonick & O'Sullivan, 2000). As the study by Fichtner et al. (2017) shows, the "Big Three" behave as engaged and influential shareholders in the management of companies, adopting coordinated voting strategies and centralized corporate governance strategies. Due to the integration of the Brazilian economic field with the global economy, these three large investors operate through the stock market with the aim of increasing their control over large publicly traded companies operating in Brazil. Their actions result in the dominance of economic sectors with large aggregate economic values, through the maintenance of blockholdings in groups of companies from different economic segments. These blockholdings allow the "Big Three" to occupy positions of power and influence in the Brazilian economic and business environment, giving them the ability to influence sectors of great value to the Brazilian economy and to expropriate significant amounts of productive wealth through the receipt of dividends.

Strategic action field theory emphasizes the existence of "socially skilled" actors who induce cooperation with other actors to achieve collective benefits. As a form of collective investment, institutional investors have increasingly increased their economic resources and power positions on the global economic stage. By offering low-cost and low-risk investment opportunities with the potential for significant returns, the "Big Three" have been able to enlist the cooperation of investors around the world, allowing them to significantly increase their resources and economic power. The Brazilian economy, globalized and integrated in the global economic field, has become susceptible to the influences of these powerful financial actors in the global financial field, which are increasingly expanding their resources and power, intensifying financialization in the Brazilian economic context. Taking advantage of the integrated and globalized character of the Brazilian economy and corporate sector, the "Big Three" have emerged as actors with great power and economic resources in the Brazilian economic field, indicating a reconfiguration of the control of large corporations operating in Brazil in line with the process of financialization of corporate control.

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SUPPLEMENTARY MATERIAL

Supplementary material accompanies this paper.
Supplementary Data 1 – Database
Supplementary Data 2 – R Script MCA
Supplementary Data 3 – Variables Description
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