

The Effects of Corruption in Petrobras

Executive Summary

This report applied the knowledge obtained on the discipline in order to evaluate one of the biggest companies of Latin America: Petrobras. This company was the 6th biggest in the world in market share value in 2006, and nowadays it is struggling to survive, with stock values near \$1.

The company was presented historically, presenting the political status of Brazil during its development (important aspects, since the company belongs to the state) and its market performance throughout the years.

The group elaborated the main reasons of the crisis in the company: structure, bad management and corruption. The structure of the company contained many layers of authority and high levels of bureaucracy, leaving the company susceptible to corruption, while the bad management led the company with poor financial strategy, accumulating debts even with increasing investments.

The corruption scandal that resulted from the two previous factors was one of the biggest corruptions schemes ever discovered in the whole world, involving several states of the country, many companies used to laundry money, and several politicians (even the president is being investigated).

The group presented then a few suggestions for the company to start growing again, and showed some of the future steps planned by the board of directors with the objective to leave the current crisis.