

Q Brazilian state oil company Petrobras named Banco do Brasil head Aldemir Bendine as its new CEO following the resignation of Maria das Graças Foster and five other senior company executives amid an ongoing corruption scandal. What does Bendine bring to the position? Will new top management be able turn things around and rebuild confidence in the oil giant? What should the new management team need to achieve in order to be considered successful?

A Mauricio Canêdo Pinheiro, researcher at the Brazilian Institute of Economics at the Fundação Getulio Vargas: "Many of the current problems facing Petrobras are the result of excessively political management of the company. Inappropriate investment decisions, subsidies for fuel prices and corruption episodes are some examples. The decline of international oil prices only made the scenario even worse. Obviously, no one expected a new CEO completely disconnected from the government. However, it would be desirable to have someone with more independence. In addition, given the huge challenges the company will face in the coming years, the new CEO should have more experience in managing multinational companies such as Petrobras. In this regard, the first major challenge of the new management team is to restore market confidence in the company. This means investigating corruption allegations, calculating and properly recording corruption losses on the company balance sheet and improving corporate governance mechanisms to prevent such events from happening again. The second major challenge is to carry out an ambitious investment plan in a high indebtedness (and lower oil prices) scenario. Finally, it is clear that, if Petrobras' problems are, in part, the result of politically-motivated decisions, the same can be said about their solution. Thus, a positive outcome not only depends on the new management team, but also on the government that, ultimately, makes the important strategic decisions at Petrobras."